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# GDP and Employment by Industry

| | GDP 2014p | | Employment 2015 | |
|---|---|---|---|---|
| | $ Millions | % of Total | Person Years 000s | % of Total |
| **Goods-Producing Sector** | **15,560.7** | **49.6** | **54.1** | **22.9** |
| Agriculture, Forestry & Logging | 162.5 | 0.5 | 2.5 | 1.1 |
| Fishing, Hunting & Trapping | 301.5 | 1.0 | 3.4 | 1.4 |
| Mining | 1,738.0 | 5.5 | 3.2 | 1.4 |
| Oil Extraction & Support Activities | 8,067.4 | 25.7 | 8.4 | 3.6 |
| Manufacturing | 1,307.2 | 4.2 | 11.4 | 4.8 |
| Fish Products | 439.4 | 1.4 | 2.8 | 1.2 |
| Other | 867.7 | 2.8 | 8.6 | 3.6 |
| Construction | 3,423.1 | 10.9 | 22.6 | 9.6 |
| Utilities | 561.1 | 1.8 | 2.5 | 1.1 |
| **Services-Producing Sector** | **15,780.1** | **50.4** | **182.0** | **77.1** |
| Wholesale Trade | 730.4 | 2.3 | 5.2 | 2.2 |
| Retail Trade | 1,561.1 | 5.0 | 36.4 | 15.4 |
| Transportation & Warehousing | 793.1 | 2.5 | 10.0 | 4.2 |
| Finance, Insurance, Real Estate & Business Support Services | 4,072.0 | 13.0 | 15.5 | 6.6 |
| Professional, Scientific & Technical Services | 752.3 | 2.4 | 11.3 | 4.8 |
| Educational Services | 1,539.1 | 4.9 | 15.1 | 6.4 |
| Health Care & Social Assistance | 2,363.6 | 7.5 | 37.6 | 15.9 |
| Information, Culture & Recreation | 783.7 | 2.5 | 7.3 | 3.1 |
| Accommodation & Food Services | 504.7 | 1.6 | 15.4 | 6.5 |
| Public Administration | 2,156.7 | 6.9 | 15.7 | 6.6 |
| Other Services | 523.5 | 1.7 | 12.5 | 5.3 |
| **Total, All Industries** | **31,340.7** | **100.0** | **236.2** | **100.0** |

p: preliminary

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products and imports. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance

# Highlights and Expectations

*Cod Fishing Near Winterton. Courtesy: Newfoundland & Labrador Tourism*

# 2015 Highlights

- Real Gross Domestic Product (GDP) declined by 2.3% primarily due to lower exports.
- Real exports are estimated to have decreased by 2.6% mainly reflecting lower oil output.
- Capital investment is estimated to have declined by 8.1% to $10.9 billion as a result of lower expenditures on residential construction and the Hebron project.
- Consumer spending was on par with 2014 as retail sales increased by 0.4% to $8.9 billion.
- The number of new vehicles sold in the province was 34,960, a decrease of 1.4% compared to 2014.
- Consumer prices rose by 0.5%, as lower energy prices constrained the overall increase.
- Employment fell by 1.0% to 236,200.
- The unemployment rate averaged 12.8%, up 0.9 percentage points from the previous year.
- Average weekly earnings increased by 2.6% to $1,017, representing the second highest average weekly earnings among provinces after Alberta.
- Household income rose by 1.6% (1.1% in real terms) to nearly $25 billion.
- The population as of July 1, 2015 was 527,756, a decrease of 0.2% from one year earlier.
- Oil production declined by 20.5% to 62.7 million barrels as all three producing projects (Hibernia, Terra Nova, White Rose) recorded lower production.
- The price of Brent crude oil averaged US$52.32/barrel in 2015, down 47.1% from US$98.97/barrel in 2014.
- The C-NLOPB accepted $1.2 billion in exploration bids in the Newfoundland and Labrador offshore area.
- Development of the Hebron oil project proceeded with employment of 5,075 in the province as of December 31, 2015.
- Statoil progressed its 18-month exploration drilling program in the Flemish Pass.
- The value of provincial manufacturing shipments decreased by 5.5% to $5.8 billion, mainly due to a drop in the value of refined petroleum products.
- Fish landings remained stable at approximately 240,800 tonnes as increased landings of pelagics offset declines in shellfish. The associated landed value increased by 11.6% mainly due to higher shrimp prices.
- Total aquaculture production was 22,800 tonnes, up significantly from the 9,200 tonnes produced in 2014. The growth was mainly attributable to increased salmonid production, particularly Atlantic salmon.
- The estimated value of newsprint shipments increased by 8.4%, benefitting from higher volume and depreciation of the Canadian dollar.
- Newfoundland and Labrador lumber production increased due to improved saw log availability and new capital investments. Production increased from 65 million board feet in 2014 to 71 million in 2015.
- The value of provincial mineral shipments increased by 0.4% to approximately $2.9 billion. This increase was due to a higher value of nickel shipments which offset a lower value of iron ore shipments.
- Total mining related employment (including employment associated with activities at Vale's Long Harbour nickel processing facility) averaged approximately 7,100 person years.
- In July 2015, Vale sanctioned the development of the Reid Brook and Eastern Deeps underground mine at Voisey's Bay.

- Following strong growth over the past several years, construction related investment declined by 8.7% to $9.4 billion.
- Construction industry employment averaged 22,600, identical to 2014 levels and only slightly below the historical peak of 22,800 set in 2013.
- Housing starts in the province totalled 1,697 units, a decrease of 19.9% compared to 2014.
- The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) rose by 3.7% to 4,251 units while the average MLS® residential price fell by 2.9%.
- The number of travel and tourism visitors to the province reached an estimated 503,100 visitors, a decrease of 0.9% compared to 2014 levels. An increase in non-resident auto visitation did not offset declines in both non-resident air travel and the number of unique cruise visitors.
- Provincial farms reported receipts of $100.9 million during the first three quarters of 2015, up 3.4% from the same period in 2014. The increase reflected higher livestock receipts.

## 2016 Expectations

- Real GDP is forecast to increase by 1.0% as a result of gains in exports.
- Real exports are expected to grow by 4.4% due to increases in oil and mineral output.
- Capital investment is expected to increase by 0.6% to nearly $11 billion as a result of continued advancement of the Muskrat Falls development and high levels of spending on the Hebron project.
- Significant construction work will continue across all components of the Muskrat Falls project.
- Hebron construction will continue at Bull Arm and other fabrication facilities throughout the province.
- Household income is expected to increase by 1.0% as wage gains offset lower employment.
- Consumer prices are expected to increase by 2.2%, due to higher energy prices and sales tax increases.
- Employment is expected to average 233,700, down 1.0% from 2015; however, the unemployment rate is expected to remain at 12.8%.
- Retail sales are expected to post an increase of 1.5% to $9.1 billion.
- The province's population is projected to decline slightly (0.1%) to 527,100.
- Oil production is expected to increase by 7.7% to 67.5 million barrels as increased production at Hibernia more than offsets declines at Terra Nova and White Rose.
- Brent crude prices are expected to average approximately US$37.00 per barrel on a calendar year basis (US$40.00 per barrel for fiscal year 2016-17).

- Hebron development activity will continue with mating of the GBS and topsides. Hook up and commissioning of the platform is scheduled for 2016.
- The value of mineral shipments is expected to decline as production increases at IOC are more than offset by lower prices and production declines at Voisey's Bay.
- Mineral exploration expenditures are expected to decrease by about 59% to $20 million, mainly due to low mineral prices.
- Construction on the underground mine at Voisey's Bay is expected to begin in the fall of 2016.
- The value of provincial manufacturing shipments is expected to increase as Vale Newfoundland and Labrador continues to ramp up production at the nickel processing plant in Long Harbour.
- The depreciation of the Canadian dollar with respect to the U.S. dollar should benefit local manufacturers.
- Newsprint shipments from Newfoundland and Labrador are expected to be around 250,000 tonnes, down 1.8% from 2015.
- Lumber production is anticipated to increase by 5.6% to approximately 75 million board feet, reflecting mill improvements and increased capacity.
- Total fish landings are expected to be similar to landings in 2015.
- Aquaculture production in the province is expected to increase to levels near the peak volume recorded in 2013.
- Total construction related capital spending is expected to remain on par with 2015 levels at $9.4 billion.
- Housing starts are forecast to decrease by 15.5% to 1,434 units.
- The Canadian Real Estate Association forecasts MLS® sales to fall by 1.2% and the average residential resale price to fall by 0.9%.
- Non-resident pleasure travel to the province should benefit from lower fuel costs and a significantly weaker Canadian dollar, which acts as an incentive for American tourists and also makes vacationing within Canada more attractive for Canadians.
- The St. John's Convention Centre's official re-opening is scheduled for May 2016 and a successful season is expected, with bookings 12% ahead of the 2015 booking pace (as of February 2016).
- $33 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 62).

# Global Economic Environment

*Great Wall, China. Courtesy: http://moodle.cambria.ac.uk/course/view.php?id=522*

## Introduction

According to the International Monetary Fund (IMF), world GDP growth was 3.1% in 2015, moderately lower than the 3.4% observed in 2014. Global growth has been decelerating since the most recent peak of 4.2% in 2011. The slowing growth is, to a certain extent, attributed to the deceleration in emerging market economies (EMEs), most notably China.

For the past several years, growth in EMEs, particularly China, were the main drivers of global growth. During the first decade of the new millennium, China, currently the world's largest economy, recorded annual average real GDP growth of 10.5%. In contrast, over the past five years, China's economic growth has decelerated to 6.9% in 2015. This slower growth is negatively impacting demand for commodities. On the other hand, the decline in oil prices is boosting consumption, especially in major oil importing countries.

The slowing of economic growth in the EMEs, combined with oversupply, has placed downward pressure on several commodity prices, particularly oil and iron ore. The price of crude oil (Brent) is approximately 70% lower than the level recorded in June 2014. In turn, this has negatively affected most commodity exporters. Russia and Brazil are in the midst of deep recessions. Due to its economic diversity, Canada has remained relatively resilient to the downturn, although not uniformly across provinces.

Monetary policies are now diverging. The Federal Reserve Board in the United States increased its target interest rate (the Federal Funds Rate) by 0.25 percentage points in December 2015 to reduce its monetary stimulus, while the European Central Bank and Bank of Japan remain in full-scale stimulus mode. The Bank of Canada and Bank of England appear reluctant to adjust interest rates until financial and commodity markets become less volatile.

### Real GDP Growth (%)

| | 2014 | 2015e | 2016f | 2017f |
|---|---|---|---|---|
| World | 3.4 | 3.1 | 3.4 | 3.6 |
| Brazil | 0.1 | -3.8 | -3.5 | 0.0 |
| India | 7.3 | 7.3 | 7.5 | 7.5 |
| Russia | 0.6 | -3.7 | -1.0 | 1.0 |
| China | 7.3 | 6.9 | 6.3 | 6.0 |
| Canada | 2.5 | 1.2 | 1.5 | 2.2 |
| United States | 2.4 | 2.4 | 2.1 | 2.4 |
| Japan | 0.0 | 0.6 | 1.0 | 0.3 |
| Euro Area | 0.9 | 1.5 | 1.7 | 1.7 |
| United Kingdom | 2.9 | 2.2 | 2.2 | 2.2 |
| Germany | 1.6 | 1.5 | 1.7 | 1.7 |
| France | 0.2 | 1.1 | 1.3 | 1.5 |
| Italy | -0.4 | 0.8 | 1.3 | 1.2 |
| Spain | 1.4 | 3.2 | 2.7 | 2.3 |
| Greece | 0.8 | -2.3 | -1.3 | 2.7 |

e: estimate; f: forecast

Source: Canada - average forecast of major Canadian banks; U.S. - Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia; all other jurisdictions - International Monetary Fund

The IMF projects a 2016 growth rate in real GDP of 3.4% for the world, 2.1% for advanced economies and 4.3% for EMEs. These forecasts from January have been revised down slightly since the October forecast.

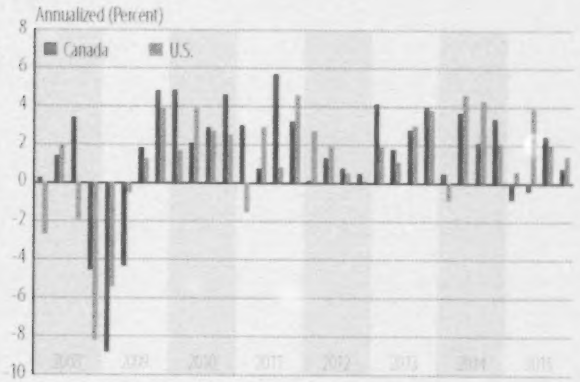
## United States

U.S. economic growth has been steady, but moderate, in recent years. Real GDP increased by 2.4% in 2015, the same as 2014. During 2015, quarterly growth peaked at a robust 3.9% (annualized) in the second quarter and then declined throughout the second half of the year to 1.4% in the fourth quarter.

Consumer spending accounts for about two-thirds of U.S. economic activity. Given limited growth in investment (stemming partially from low prices for oil and other commodities) and lower exports (constrained by subdued growth in the world economy and appreciation of the U.S. dollar), con-

sumer spending will continue to be the main driver of growth in the near-term. In 2015, growth in real consumer spending, at 3.1%, outpaced real GDP growth. On a quarterly basis, consumption growth peaked in the second quarter at 3.6% but fell to 2.4% in the fourth quarter. Consumption of durable goods increased by 6.0% in 2015, largely driven by a 5.9% increase in the quantity of vehicles sold.

## Canada and US GDP Growth




Source: Statistics Canada; Bureau of Economic Analysis

Non-residential investment increased by 2.8% in 2015. The year started at a subdued pace (1.6% in the first quarter), picked up steam in the second and third quarters but ended with a 2.1% decline in the fourth quarter. Investments have been impacted by a slowdown in the energy sector, due to the falling price of crude oil. Non-residential investment closely follows the industrial capacity utilization rate, and this rate declined throughout 2015.

Residential investment fared better. In 2015, housing starts increased by 10.8%, following a steady upward trend since 2010. However, the number of starts remains lower than the pre-recession average. From 2000 to 2007, annual average housing starts were 1.738 million compared to 1.112 million starts in 2015.

The exports sector was challenged throughout 2015 by the rising value of the U.S. dollar. The trade-weighted U.S. dollar index increased by 12.6% in 2015, due in part to diverging monetary policies between the U.S. and several of its trading partners. Growth in real exports of goods and services started and ended 2015 on quarterly declines, with positive growth in between, for overall growth of 1.1% for the year.

Labour market conditions continued to improve in 2015. The unemployment rate decreased throughout the year, reaching 4.9% in January 2016, the lowest rate since 2008. Employment increased by 1.7%, while the participation rate declined by 0.2 percentage points. In addition to job gains, average hourly earnings increased by 2.1% in 2015.

The decreasing unemployment rate and concerns about future inflation driven by accelerating wage gains led to expectations that the Federal Reserve would begin raising the Federal Funds target rate increase at some point during 2015. An increase occurred in December 2015, when the Federal Open Market Committee decided to increase the target rate by 25 basis points, bringing it between 0.25% and 0.50%. This is the first time the rate had been raised since December 2008. It is expected that the target rate will be progressively increased in the near future, but the pace and timing of those increases will be dependent on economic performance.

The U.S. economy is expected to expand by 2.1% in 2016, down from a growth rate of 2.4% in 2015. Consumer spending and the housing market are expected to drive growth, buoyed by pent-up demand, job gains and increasing incomes. However, the strength of the U.S. dollar and subdued global demand will constrain exports, and capital spending is expected to be restrained by low commodity prices. Real GDP growth is expected to accelerate to 2.4% in 2017.

### United Kingdom

Real GDP growth in the United Kingdom slowed in 2015, with growth of 2.2% compared to 2.9% in 2014. Growth stemmed primarily from private consumption as exports were constrained by weak

external demand. Capital expenditures were strong at the beginning of the year, but weakened in the second half, partly due to pullback in the energy sector.

Consumer spending grew by 3.0% in 2015, buoyed by record high employment, real income growth and low energy prices. The unemployment rate for the three months ending January 2016 was 5.1%, the lowest rate in 10 years.

The outlook for 2016 is for growth similar to that recorded in 2015, however, downside risks exist. Following a renegotiation of the current conditions of Britain's membership in the European Union at a summit in Brussels, the UK will hold a referendum on its EU membership on June 23, 2016. Uncertainty regarding the outcome of the referendum and slower growth in emerging markets, especially China, are the two main risks. On the upside, consumer confidence remains high and the labour market remains robust. Overall, the IMF expects the economy to grow by 2.2% in 2016, on par with 2015's growth.

## Eurozone

The Eurozone consists of the 19 jurisdictions within the European Union that have adopted the euro as their currency. Collectively, the Eurozone accounted for 12.0% of global GDP in 2015, with the largest economies being those of Germany, France, Italy and Spain. While overall GDP growth in 2015 was a modest 1.5%, it was an improvement from the 0.9% growth recorded the previous year. Low energy prices and reduced financial market volatility generated solid gains in private consumption and capital spending. Exports also posted gains of 5.0%, but total GDP growth was held back by a 5.7% surge in imports.

There were considerable variations in GDP growth, with Spain increasing by 3.2% while Italy posted 0.8%. Germany, considered the main engine of Europe's economy, increased by 1.7%, in line with the Eurozone average. Economic growth reduced the unemployment rate from 11.6% in 2014 to 10.9% last year, but stark differences persist between countries. Unemployment in Germany reached a post-reunification low of 4.6% while much higher rates persisted in periphery countries like Spain where the unemployment rate averaged 22.1% in 2015.

Facing continuing sluggish growth and inflation oscillating around zero, the European Central Bank (ECB) launched its Quantitative Easing (QE) in early 2015 which committed to purchase European bonds worth €60 billion monthly until September 2016. The ECB later extended the plan to continue purchases to March 2017 and just recently announced plans to include corporate bonds and increase purchases to €80 billion monthly starting April 1, 2016.

In addition to its QE program, the ECB has been carrying out a negative interest rate policy since June of 2014 by maintaining a negative interest rate on its overnight deposit facility. The purpose of negative interest rates and QE is to boost overall growth and increase inflation to around 2%. The ECB stated that it intends to conduct its QE policy until reaching this inflation target. Inflation has been muted in the last couple of years with price gains for most products largely offset by falling energy prices.

Significant risks to the economic outlook for the Eurozone persist. Italian banks continue to carry a large number of non-performing loans and serious risks of a banking sector collapse exist in that country. Both the sovereign debt crisis in Greece—which has not been settled and could resurface—and/or a UK vote to leave the European Union in the upcoming referendum could cause significant negative economic and financial market shocks.

Another issue in 2015 that has reverberated throughout the European Union is that of Syrian and Iraqi refugees. Some countries, such as Germany and Sweden, have adopted an "open door"

policy, while some, such as Hungary, have been less enthusiastic. Further divergence could occur as anti-immigration parties may see their support increase, especially following the recent terrorist attacks in Paris and Brussels. This could threaten the free flow of commerce and workers within the EU.

The IMF projects annual real GDP growth in the Eurozone of 1.7% for each of 2016 and 2017, and the most recent ECB Survey of Professional Forecasters predicts the unemployment rate will fall to 10.3% in 2016 and 9.9% in 2017.

## Japan

Japan is the world's fourth largest economy, accounting for 4.3% of world GDP on a purchasing power parity basis in 2015. The country has experienced a number of serious economic difficulties over the past two decades with persistently low inflation or deflation, increasingly high levels of government debt and weak private sector growth. Over the past 20 years, Japan's real GDP has increased by an annual average of only 0.7%, and inflation has averaged only 0.1% per year. In addition, due to a rapidly aging population, Japan's public finances are under sustained pressure, particularly for health and long-term care expenditures, which are difficult to constrain.

In 2013, the Government of Japan launched a three-pronged approach for economic recovery through monetary, fiscal, and structural policies. These policies included a large fiscal stimulus program; measures by Bank of Japan to increase the money supply, including the introduction of quantitative and qualitative monetary easing; and structural reforms such as reducing protectionism for selected industries and reducing labour market rigidities. Thus far, these policies have had only limited success.

Weakness in the Japanese economy continued in 2015 with real GDP increasing by only 0.6% relative to 2014. The inflation rate was 0.8% in 2015, well below the Bank of Japan's 2% target rate. On January 29, 2016, the Bank of Japan applied its first negative interest rate (-0.1%) to current accounts that financial institutions hold at the Bank and has indicated that it will reduce this rate further into negative territory if necessary.

The IMF expects weakness in Japan's economy to continue in 2016 and 2017 with real GDP growth forecasted at 1.0% and 0.3% respectively.

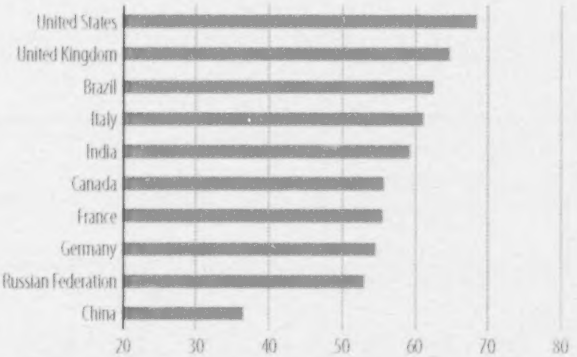
## China

The Chinese economy expanded by 6.9% in 2015, slightly less than the 7.3% recorded in 2014. Although it is significantly lower than the annual average rate of 10.4% recorded between 1992 and 2007, it remains significantly above growth rates recorded in advanced economies. Gains in consumption and investment more than offset the first decline in exports since 2009. GDP growth was further aided by a large decline in imports.

The Chinese economy is in the midst of important structural changes, with the government committed to transitioning the drivers of growth from manufacturing and investment to services and consumption. Compared to both developed and developing countries, China's consumption as a share of GDP is unusually small: in 2014 it was just 36.5% in China compared to 68.4% in the U.S. and 59.2% in India (see chart).

### Household Final Consumption Expenditure

as a Percent of GDP, 2014




Source: World Bank and U.S. Bureau of Economic Analysis

Despite the stated restructuring goals, in recent years the government has shown a willingness to support the economy via cheap credit, strong investment and a loose monetary policy when economic activity appears to be slowing too quickly. This could potentially slow the rate of restructuring.

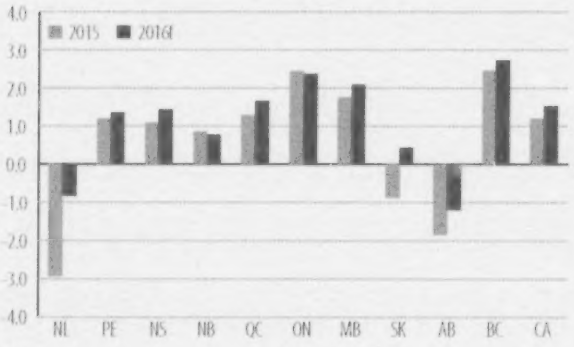
The Chinese government has identified several challenges it will tackle in 2016. In line with the aforementioned structural problems, they will seek to decrease overcapacity, in particular within less efficient state-owned enterprises and in heavy industrial sectors, such as steel, cement and mining. They will also aim at reducing the excess housing inventory, as supply, in terms of new units, has exceeded the demand in the last five years.

The Chinese economy has shown signs of stabilizing early in 2016, with industrial production, investment and house prices all increasing. The IMF expects real GDP growth in China to be 6.3% in 2016 and 6.0% in 2017, due to weaker investment growth as the economy continues to rebalance towards a more consumer based economy.

## Canada

During the last decade, economic growth in provinces with a large commodity sector, notably fossil fuels, surpassed the national average. Several other provinces, particularly Ontario and Québec, were left to deal with faltering manufacturing sectors, partly due to increasing global competition and appreciation of the Canadian dollar. The recent collapse of crude oil prices, and consequent Canadian dollar depreciation, led to a reversal of fortunes. Alberta, Newfoundland and Labrador and Saskatchewan are all believed to have recorded negative real GDP growth in 2015 (see chart). On the other hand, British Columbia, Manitoba, Ontario and Québec posted growth at or above the national average. Real GDP growth for Canada is estimated at 1.2% for 2015.

### Real GDP Growth by Province




f: forecast
Source: Average of Canadian major banks and the Conference Board of Canada

Canadian retail sales increased by 2.2% in 2015. This is one of the lowest growth rates outside of a recession in recent decades. Household indebtedness has been steadily increasing since the early 1990s and reached a record high last year. Thus far, debt levels have proven to be sustainable due, in part, to a low interest rate environment. The ratio of interest payments to disposable income is currently at a historically low level. However, with interest rates expected to rise soon, interest payments could rise substantially and consumers may not have the freedom to increase expenditures, thus limiting the contribution of consumption to GDP growth.

Real capital investment in Canada fell by 3.3% in 2015, constrained by lower spending in the mining and oil and gas sectors. As well, the depreciation of the Canadian dollar increased the cost of imported machinery and equipment. However, the Bank of Canada's January 2016 Business Outlook Survey indicated increased investment intentions in export-oriented industries not tied to commodities.

The value of exports were hard hit by the decline in oil and mineral prices in 2015, but real exports displayed a strong performance, increasing by 3.0%. The volume of exports increased across most categories aided by additional capacity in the oil industry and increased exports of consumer goods

supported by a low dollar and solid U.S. demand. The low dollar and solid U.S. demand is expected to contribute to further gains on non-energy exports in 2016.

In response to a slowing economy, particularly in commodity dependent provinces, the Bank of Canada started cutting interest rates last year. The Bank of Canada lowered the target overnight bank rate twice in 2015—by 25 basis points on January 21st and by another 25 basis points on July 15th—in an attempt to boost investment and stimulate economic growth. The target overnight rate currently stands at 0.5%.

The Canadian dollar depreciated steadily throughout 2015 declining by 15% from near 85 cents US at the start of the year to near 72 cents at the end. Declining commodity prices in general, and oil prices in particular, was the major factor behind the decline, but increasing interest rates in the US combined with falling rates in Canada also contributed.

Gains in the labour market were subdued in 2015. National employment grew by just 0.8% and the unemployment rate remained unchanged at 6.9%. Average weekly earnings grew by 1.8% nationally and gains were recorded in all provinces.

Economic growth in 2016 is expected to vary across the country. Lower energy prices and solid U.S. demand will continue to help economic performance in manufacturing intensive provinces, such as Québec and Ontario, and other provinces less dependent on oil and mineral exports such as British Columbia and Manitoba. Meanwhile low commodity prices will continue to restrain growth in the more oil and mineral resource-based provinces, such as Newfoundland and Labrador, Saskatchewan and Alberta. The latest consensus of bank forecasts and the Conference Board of Canada expects growth in Canada to average 1.5% in 2016. British Columbia, Manitoba and Ontario are expected to lead the provinces in growth both this year and next.

# Provincial Economic Overview

*Windshaped Tree in St. Lawrence. Courtesy: Newfoundland & Labrador Tourism*

The economy of Newfoundland and Labrador experienced a prolonged period of growth beginning with the onset of oil production in 1997. Most economic indicators reached peak levels over the last three years. Employment, capital investment and household income, for example, peaked in 2013, 2014 and 2015 respectively.

While many economic indicators peaked in recent years, economic activity in Newfoundland and Labrador continued at high levels throughout 2015. Consumer and government spending remained at levels similar to 2014. However, investment, while still high in a historical context, declined relative to 2014 due to lower residential investment and lower levels of capital spending on major projects. As well, the export sector was negatively impacted by a decline in oil output. For the year as a whole, final domestic demand declined by 1.6% and real GDP fell by 2.3% (see table).

On an industry basis, performance was mixed last year. The oil sector recorded lower production due to operational issues and natural declines, and lower oil prices eroded the value of production. The value of manufacturing shipments fell, mainly due to a drop in the value of refined petroleum products. In the mining sector, low iron ore prices continued to present a challenge. However, the remaining big player in the iron ore industry, the Iron Ore Company of Canada, is reaping the benefits of its recently completed expansion project as improvements were made in operational performance and productivity. The fishing industry benefitted from record shrimp prices and the decline in the Canadian dollar relative to the U.S. dollar. The construction industry continued to benefit from major project development which supports high levels of employment and income. The tourism sector continued to build on past gains and non-resident visitation remained at high levels in 2015.

The value of provincial exports is estimated to have declined by 20.2% last year due to a combination of lower production and prices. Oil production fell by 20.5% in 2015 as a result of lower output from all three projects—Hibernia, Terra Nova and White Rose. This drop in output, combined with a decline of 47% in the average price of Brent crude, resulted in a decrease of about 50% in the value of oil exports. The negative impacts of lower oil production and prices were partially offset by higher values for mining and fishing output.

Capital investment totalled approximately $10.9 billion last year, a decline of 8.1% compared to 2014. Higher spending on the Muskrat Falls development was offset by lower spending on Vale's nickel processing facility in Long Harbour and the Hebron project as well as lower residential investment. Total residential spending (including renovations) was $1.4 billion in 2015, a decline of 9.4% compared to 2014 and reflective of a 19.9% decrease in housing starts.

Consumer spending growth was moderate in 2015. The value of retail sales grew by 0.4% compared to 2014. A lower value of sales at gasoline stations—mostly due to reduced gas prices—constrained overall growth in retail sales. Sales at furniture and electronic stores were also sluggish in 2015, likely related to lower housing starts. New car sales, despite being down compared to 2014, continued to be robust. The number of new motor vehicles sold in 2015 was 34,960, just 1.4% below the record number of units sold in 2014 and 2013. Vehicle sales have been at very high levels in recent years, reflecting the high level of employment and income in the province. Expenditures on services posted growth last year. Receipts of food services and drinking places increased by 8.1% in 2015 compared to 2014.

## Inflation

The increase in the Consumer Price Index (CPI), or inflation, was 0.5% in 2015. Lower crude oil prices resulted in lower prices of gasoline and fuel oil for consumers—down 16.1% and 22.7%, respectively. This constrained overall growth in the CPI. Higher

# Provincial Economic Indicators

| | 2015e | 2016f | 2017f | 2018f | 2019f | 2020f | 2021f |
|---|---|---|---|---|---|---|---|
| GDP at Market Prices ($ M) | 30,133 | 29,656 | 30,301 | 30,616 | 31,191 | 31,902 | 32,975 |
| % Change | -10.1 | -1.6 | 2.2 | 1.0 | 1.9 | 2.3 | 3.4 |
| % Change, real | -2.3 | 1.0 | -3.3 | -3.4 | -1.1 | -0.6 | 1.4 |
| Final Domestic Demand* ($ M) | 35,078 | 35,337 | 33,423 | 30,319 | 29,812 | 29,245 | 29,286 |
| % Change | -1.6 | 0.7 | -5.4 | -9.3 | -1.7 | -1.9 | 0.1 |
| % Change, real | -2.8 | -0.5 | -6.7 | -10.7 | -3.5 | -3.6 | -1.5 |
| Household Income ($ M) | 24,883 | 25,139 | 24,179 | 23,548 | 23,841 | 24,233 | 24,694 |
| % Change | 1.6 | 1.0 | -3.8 | -2.6 | 1.2 | 1.6 | 1.9 |
| % Change, real | 1.1 | -1.2 | -5.7 | -4.8 | -1.0 | -0.4 | 0.1 |
| Household Disposable Income ($ M) | 17,164 | 17,257 | 16,522 | 16,107 | 16,326 | 16,603 | 16,919 |
| % Change | 1.7 | 0.5 | -4.3 | -2.5 | 1.4 | 1.7 | 1.9 |
| % Change, real | 1.2 | -1.6 | -6.2 | -4.7 | -0.8 | -0.3 | 0.1 |
| Retail Sales ($ M) | 8,921 | 9,055 | 8,890 | 8,609 | 8,503 | 8,546 | 8,708 |
| % Change | 0.4 | 1.5 | -1.8 | -3.2 | -1.2 | 0.5 | 1.9 |
| % Change, real | 0.5 | -0.7 | -3.9 | -4.4 | -2.4 | -0.6 | 0.6 |
| Consumer Price Index (2002=100) | 129.0 | 131.9 | 134.6 | 137.6 | 140.6 | 143.5 | 146.0 |
| % Change | 0.5 | 2.2 | 2.0 | 2.2 | 2.2 | 2.0 | 1.8 |
| Capital Investment ($ M) | 10,895 | 10,958 | 9,600 | 7,210 | 6,930 | 6,260 | 5,956 |
| % Change | -8.1 | 0.6 | -12.4 | -24.9 | -3.9 | -9.7 | -4.9 |
| % Change, real | -9.9 | -0.6 | -13.3 | -25.7 | -5.4 | -11.0 | -6.5 |
| Housing Starts (Units) | 1,697 | 1,434 | 1,055 | 840 | 786 | 908 | 1,059 |
| % Change | -19.9 | -15.5 | -26.4 | -20.4 | -6.4 | 15.5 | 16.6 |
| Employment (000s) | 236.2 | 233.7 | 221.9 | 208.8 | 203.1 | 201.3 | 200.7 |
| % Change | -1.0 | -1.0 | -5.1 | -5.9 | -2.7 | -0.9 | -0.3 |
| Labour Force (000s) | 270.8 | 268.1 | 261.5 | 255.6 | 253.2 | 250.1 | 247.4 |
| % Change | 0.0 | -1.0 | -2.4 | -2.3 | -0.9 | -1.2 | -1.0 |
| Unemployment Rate (%) | 12.8 | 12.8 | 15.2 | 18.3 | 19.8 | 19.5 | 18.9 |
| Population (000s) | 527.8 | 527.1 | 523.3 | 517.2 | 513.6 | 510.4 | 507.2 |
| % Change | -0.2 | -0.1 | -0.7 | -1.2 | -0.7 | -0.6 | -0.6 |

* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures. it excludes net exports.

e: estimate; f: forecast, Department of Finance, March 2016

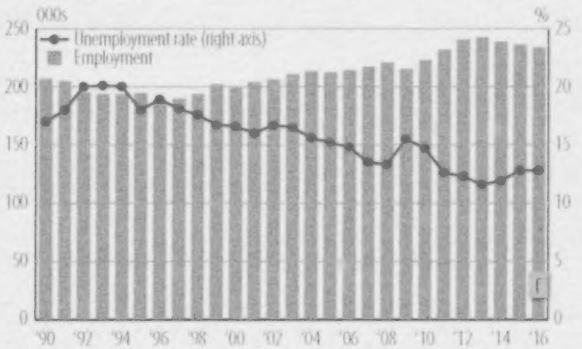
Source: Statistics Canada; Department of Finance

prices for food (3.8%) and tobacco products (4.7%) were the main catalysts for upward pressure on inflation last year.

# Labour Markets

Employment, as measured by Statistics Canada's Labour Force Survey (a household survey), declined by 1.0% in 2015 compared to 2014. Despite the decline in employment, the participation rate increased slightly, rising to 61.1% in 2015 from 61.0% in 2014. The number of people in the labour force also remained relatively steady in 2015. As such, the unemployment rate increased by 0.9 percentage points to average 12.8% in 2015.

## Employment and Unemployment Rate




f: forecast
Source: Statistics Canada; Dept. of Finance

On the other hand, Statistics Canada's Survey of Employment, Payrolls and Hours (an employer survey) depicts a more positive picture of labour market activity. Average weekly earnings rose by 2.6% in 2015 and, at $1,017, were the second highest among provinces after Alberta. The increase in wages led to a 2.7% gain in total compensation for employees for 2015. The survey also indicated an increase in the number of employees every month during 2015 and, on average, an increase of 0.8% for the year.

### Population

Economic expansion has served to increase the province's population in recent years. Prior to 2008, the population had declined for 15 consecutive years because of high levels of out-migration. However, in recent years net outmigration has ended and changed to net in-migration. Consequently, the province's population grew from 2008 to 2014, recording a total gain of about 20,000 over this period. Although the current population estimate for 2015 indicates a slight decline in population from the previous year, it should be noted that this estimate is preliminary and will likely be revised several times. Preliminary data released by Statistics Canada indicates that the population of the province on July 1, 2015 was 527,756, a decline of 0.2% compared to one year earlier.

### Outlook

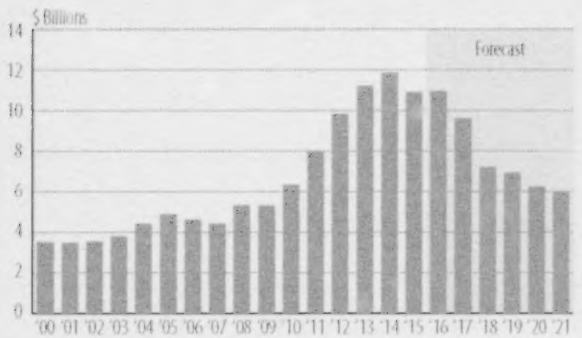
Prior to the most recent collapse of commodity prices, economic activity in the province had been expected to slow over the next few years due to the winding down of the development phases of the Hebron and Muskrat Falls projects. The drastic decline in commodity prices further weakened the economic outlook. Development of several projects in the resource sector has been deferred or delayed (e.g. West White Rose Extension, Alderon iron ore project) due to low commodity prices. As well, significant Provincial Government deficit reduction measures (as outlined in Budget 2016) are required to reign in ongoing budget deficits, stemming from prior increases in government expenditures and the impact of lower commodity prices on revenues. As such, the economy of the province has entered a period of adjustment that is expected to last for several years. Next year, real GDP is forecast to grow. However, economic activity is expected to be dampened thereafter.

In 2016, oil and mining output are expected to rise and provide a boost to exports. This will translate into growth of 1.0% in real GDP. Capital expenditures and employment on major projects are expected to remain at high levels this year as increased activity on the Muskrat Falls project offsets lower development activity on the Hebron project. However, the spillover effects of lower commodity

prices and deficit reduction measures are expected to negatively impact commercial sector employment in the province. As well, the slowdown in development activity in Western Canada will likely impact employment of some Newfoundland and Labrador residents who commute to Western Canada. Total employment is expected to fall by 1.0%. Lower employment is forecast to dampen income and consumption growth. Consequently, final domestic demand (real terms) is expected to fall by 0.5%.

Beyond 2016, economic growth is expected to be curtailed by a combination of factors, including declines in capital investment as major projects proceed past peak development and further provincial deficit reduction measures are required (see chart). Most main economic indicators are expected to be lower in 2021 than current levels.

## Capital Investment




Source: Statistics Canada; Dept. of Finance

Despite the negative outlook in the short to medium term, a number of positive developments are occurring in the provincial economy. Construction on the underground mine at Voisey's Bay is expected to begin this year, which will extend the life of the mine beyond 2030. Construction on both the Hebron oil project and the Long Harbour nickel processing plant are expected to be completed over the next few years adding to long-term productive capacity in the economy. With the beginning of oil production from Hebron, total oil production is expected to increase annually for the next several years, and output from the nickel processing facility will significantly boost manufacturing shipments. Furthermore, significant capacity enhancements in transportation infrastructure, such as those at St. John's International Airport and Marine Atlantic; the completion of the St. John's convention centre; and the continued addition of new capacity in the accommodations sector should facilitate growth in the tourism sector.

While the short to medium term outlook is challenging, there is significant long-term potential in the Newfoundland and Labrador economy, particularly in the energy sector.

There are substantial oil and gas resources offshore Newfoundland and Labrador. This is evidenced by the 2015 resource assessment of 11 parcels in the Flemish Pass. This region alone, which covers less than two percent of the province's 1.5 million square kilometer offshore area, is estimated to have a resource potential of 12 billion barrels of oil and 113 trillion cubic feet of natural gas.

Land sale results in December 2014, and more recently in November 2015, show industry's confidence in the offshore potential. In December 2014, the bid on one parcel in the Flemish Pass by ExxonMobil Canada Ltd., Suncor Energy Inc. and ConocoPhillips Canada was $559 million, the highest bid ever on a land parcel in the Newfoundland and Labrador offshore area. In November 2015, seven parcels were awarded in the Flemish Pass Basin with a total work commitment of $1.2 billion.

Deepwater exploration and development hold significant opportunities for future growth in oil production, and by extension, the provincial economy.

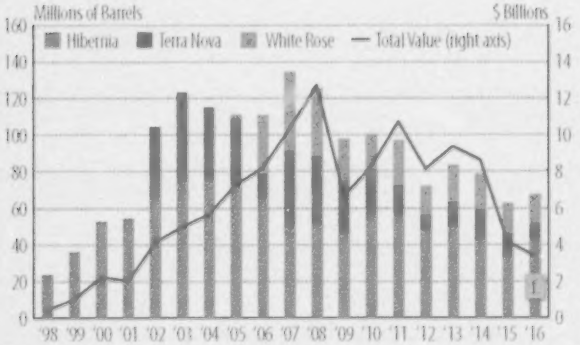
# Oil and Gas

*Hebron GBS, December 2015. Courtesy: the Hebron Project.*

The oil and gas industry (including support activities) is the largest contributor to provincial GDP. It is estimated that the industry accounted for 25.7% of the province's nominal GDP in 2014. Oil and gas industry employment in 2015 was approximately 8,400 person years or 3.6% of total provincial employment.

Crude oil production decreased by 20.5% from 78.9 million barrels in 2014 to 62.7 million barrels in 2015, as all three producing projects recorded lower production (see chart). The estimated value of oil production was $4.1 billion in 2015, representing a decrease of more than 50% compared to 2014. The decrease was the result of both lower production volumes and a substantial decline in crude oil prices. The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US$52.32/barrel in 2015, down 47.1% from an average of US$98.97/barrel in 2014. The negative impact of lower oil prices was partially offset by a lower Canadian dollar which depreciated by 13.6% relative to the U.S. dollar in 2015.

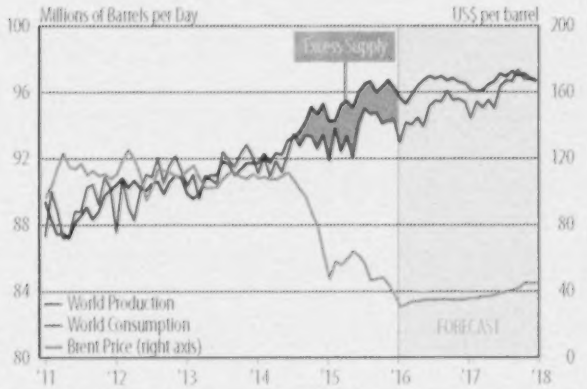
## Offshore Oil Production


Millions of Barrels
$ Billions
Hibernia
Terra Nova
White Rose
Total Value (right axis)
'98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16
f

f: forecast
Source: C-NLOPB; Department of Finance

Over the past few years, world oil supply growth has exceeded demand growth, leading to the current situation of excess market supply (see chart). Supply has increased rapidly as a result of increased U.S. shale oil production, while demand growth has been constrained by decelerating economic growth in China. This excess supply has resulted in a steep downward trend in crude oil prices since the summer of 2014. Although oil price volatility will likely continue, most industry analysts believe that oil prices have finally reached a floor and expect moderate increases over the next few years. As of March 30, 2016, Brent crude oil was trading at US$36.75/barrel.

## World Liquid Fuels Production and Consumption and Oil Prices




Source: US Energy Information Administration (Short Term Outlook March 2016)

## Hibernia

Hibernia's total production decreased by 21.6% (9.1 million barrels) in 2015 to 33.0 million barrels. Production was curtailed from September 18 to October 21 as the Hibernia Gravity Based Structure (GBS) underwent a planned regulatory maintenance and inspection turnaround. Cumulative production at Hibernia, since first oil in November 1997 to December 31, 2015, was 952 million barrels (58% of reserves) worth an estimated $65.3 billion.

As of December 31, 2015, a total of 2,231 people were working on the Hibernia project within the province with 1,926 (86%) from Newfoundland and Labrador.

Hibernia Management and Development Company Ltd. (HMDC) plans to upgrade the Hibernia platform's two drilling rigs during the second half of 2016 to optimize performance and ensure its long term safety and integrity. These upgrades have be-

come necessary as increased reserves have extended the life of the project. When initially proposed for development, estimated recoverable reserves totalled 520 million barrels and field depletion was expected to occur within the 2015-2017 timeframe. Since then, estimated recoverable reserves have increased more than threefold to 1,644 million barrels and HMDC now expects to produce until at least 2040. The rig upgrades are not expected to impact normal production operations.

### Terra Nova

Terra Nova produced 13.1 million barrels of oil in 2015, a decrease of 3.7 million barrels (22.1%) compared to 2014. On May 13, 2015, the *Terra Nova FPSO* was taken offline for scheduled maintenance. Work included routine maintenance as well as tank remediation. Production resumed July 5th, two and a half weeks ahead of schedule.

Cumulative production from Terra Nova, since first oil in January 2002 to December 31, 2015, was 379 million barrels (75% of reserves) with an estimated value of $26.7 billion.

As of December 31, 2015, there were 815 people employed on the Terra Nova project within the province, with 759 (93%) from Newfoundland and Labrador.

### White Rose (including North Amethyst)

White Rose produced 16.6 million barrels in 2015, down 16.8% (3.4 million barrels) from 2014. The *SeaRose FPSO* was shutdown for 16 days in August for regular maintenance. Cumulative production from White Rose, since first oil in November 2005 to December 31, 2015, was 254 million barrels (53% of reserves) with an estimated value of $22.8 billion.

On December 17, 2014, Husky Energy announced that, in light of the current low oil price environment, it was deferring the final investment decision on the West White Rose extension project. Husky also announced that it will be considering alternative modes of development to the wellhead platform, including a sub-sea development concept.

Despite the delay in the final investment decision, Husky has indicated it remains committed to the development of West White Rose and other target areas and the project remains an important part of its long-term portfolio.

As of December 31, 2015, there were 1,095 people employed on White Rose operations within the province, with 1,019 (93%) from Newfoundland and Labrador. In addition, there were a total of 147 people working on the White Rose Extension (all locations) with 102 (69%) from the province.

### Hebron

The Hebron project, estimated to contain over 700 million barrels of recoverable oil, received official sanction on December 31, 2012. The project will utilize a stand-alone GBS similar to, but on a smaller scale than, Hibernia. The Hebron GBS is designed for an oil production rate of 150,000 barrels of oil per day. The total capital cost for the project is estimated at more than $14 billion.

GBS construction at the Bull Arm dry dock began in October 2012. After pouring the GBS base slab, the GBS was floated to the Bull Arm deepwater site on July 22, 2014. Construction associated with the lower part of the GBS is now complete and construction of the topsides modules is ongoing as well as installation of all mechanical systems inside the GBS.

The accommodations module is nearing completion at Bull Arm, with assembly and architectural finishing underway. The flare boom, which was fabricated in Channel-Port aux Basques by Talon Energy, was completed in October 2015. Fabrication is being finalized on the helideck and life-boat stations by C & W Offshore in Bay Bulls. The Drilling Support Module was fabricated in Marystown by Kiewit Offshore Services and completed in December 2015.

Two topsides modules are being built in South Korea by Hyundai Heavy Industries. Fabrication of the Derrick Equipment Set is complete and it arrived at

Bull Arm in November 2015. Fabrication continues on the Utilities Process Module with completion anticipated for 2016. Mating of the GBS and topsides, as well as hook up and commissioning of the platform, is scheduled for later in 2016. First oil is expected late in 2017.

As of December 31, 2015, there were 5,075 people working on the Hebron project within the province, of which 4,624 (91%) were residents of Newfoundland and Labrador.

## Offshore Oil Exploration Initiatives

In December 2013, the Canada - Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) announced a new Scheduled Land Tenure System. The new system allows additional time for exploration companies to conduct geoscientific assessments of the hydrocarbon prospectivity in the lesser explored basins of the Newfoundland and Labrador offshore area, thereby encouraging exploration in frontier areas and fostering a more competitive environment. As well, the system follows a set schedule for companies to nominate and bid on land parcels for exploration, improving transparency and predictability. Longer lead times to acquire and analyze data and a set land sale schedule, positions the province to compete with the leading exploration jurisdictions in the world.

Over the past five years, the Provincial Government and Nalcor, in partnership with global seismic companies TGS and Petroleum Geo-Services, has conducted one of the largest seismic programs in the world. Analysis of satellite seeps survey data and recently acquired seismic data resulted in the delineation of new offshore basins as well as extensions to existing basins offshore Labrador. As well, significant prospectivity in deepwater areas offshore Newfoundland has been identified. The Province, through Nalcor, continues to strategically invest in geoscience acquisition programs. Numerous geoscience programs are ongoing in several offshore areas, including the Newfoundland and Labrador Northeast Slope, South Grand Banks, South Labrador Sea and Flemish Pass areas.

On October 1, 2015, the Provincial Government and Nalcor Energy announced the results of a new resource assessment, completed by international petroleum consultancy firm Beicip-Franlab, for the parcels included in the 2015 Call for Bids. The assessment concluded that these areas have an in-place resource potential of 12 billion barrels of oil and 113 trillion cubic feet of natural gas. This illustrates the province's tremendous oil and gas resource potential as these areas cover less than two per cent of the total Newfoundland and Labrador offshore area.

## Recent Discoveries

In 2013, Statoil announced two new discoveries in the deepwater (approximately 1,100 metres) Flemish Pass Basin. The Harpoon discovery (whose resource potential has yet to be fully assessed) was announced in June 2013 and the Bay du Nord discovery (estimated to contain between 300 and 600 million barrels of recoverable oil) was announced in August 2013. Bay du Nord was the world's largest liquid fuels discovery of 2013 and the largest Statoil-operated discovery outside of Norway. The Harpoon and Bay du Nord discoveries are in close proximity to the 2009 Mizzen discovery, which is estimated by the C-NLOPB to contain 102 million barrels of recoverable oil. Statoil holds a 65% interest in the Mizzen, Harpoon and Bay du Nord fields, and Husky Energy holds the remaining 35% interest.

## Exploration

Statoil and Husky Energy remain confident about the potential of the Newfoundland and Labrador offshore area as evidenced by their ongoing exploration program in the area of the Bay du Nord discovery in the Flemish Pass Basin. The 18-month exploration program is expected to be completed in the first half of 2016. Husky Energy recently stated that even during this period of low prices,

the Flemish Pass has been gaining the attention of many super majors in the oil industry, demonstrating that the industry sees this as an important area of development in the long-term.

Currently, there are two semi-submersible drilling rigs working in the Newfoundland and Labrador offshore area. The West Hercules is currently under contract to Statoil and is conducting exploration and delineation drilling in the Flemish Pass Basin—this exploration program is expected to be completed this spring/summer. The West Aquarius is currently under contract to ExxonMobil and is operating in the Hibernia field.

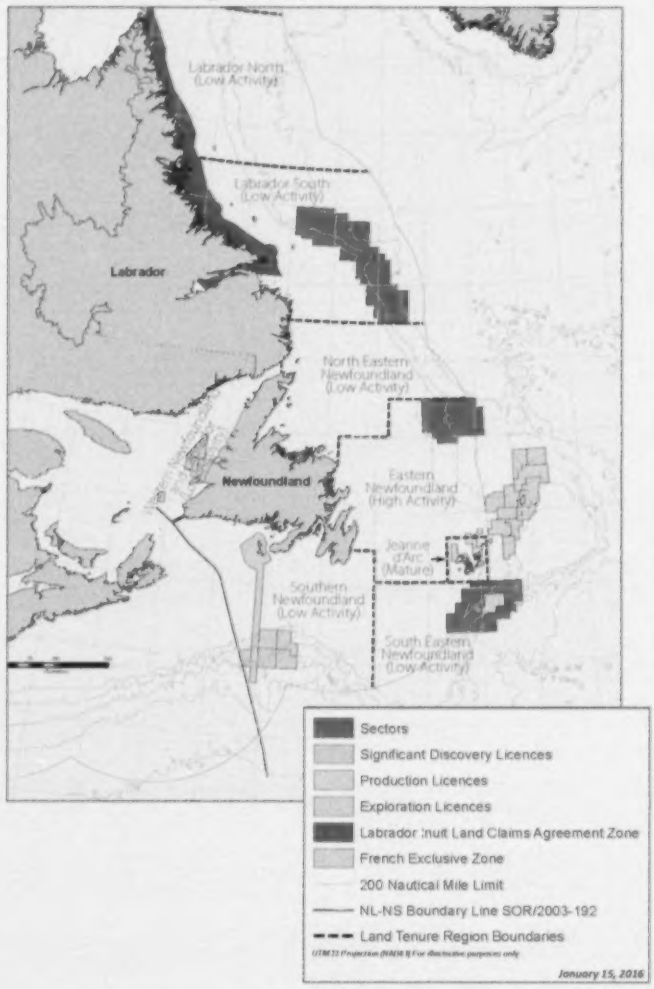
On December 7, 2015, Husky announced that it had signed a two year contract with Transocean Ltd. to secure the Henry Goodrich, which is expected to commence operations in the second quarter of 2016. The rig will be used for ongoing development drilling at the South White Rose Extension and North Amethyst field, including near-field exploration.

## Calls for Nominations and Bids

On November 12, 2015, the C-NLOPB announced the results of the first call for bids round in the Eastern Newfoundland Region under the Scheduled Land Tenure Regime. The Call consisted of 11 land parcels, totalling 2,581,655 hectares, in the Flemish Pass Basin near the Mizzen, Harpoon and Bay du Nord discoveries. Overall, 13 bids were submitted, nine companies participated and seven parcels were awarded for a total of $1.2 billion in work commitments. Statoil, with bid commitments totalling over $600 million, is a major partner in six of the seven successful bids. The 2015 Call for Bids saw three new entrants assume interests in the Newfoundland and Labrador offshore area—BG International Limited, BP Canada Energy Group ULC and Nexen Energy ULC. In February 2016, BG Group was acquired by Royal Dutch Shell plc. In total, there are currently $2.4 billion in outstanding work commitment bids in the Newfoundland and Labrador offshore region.

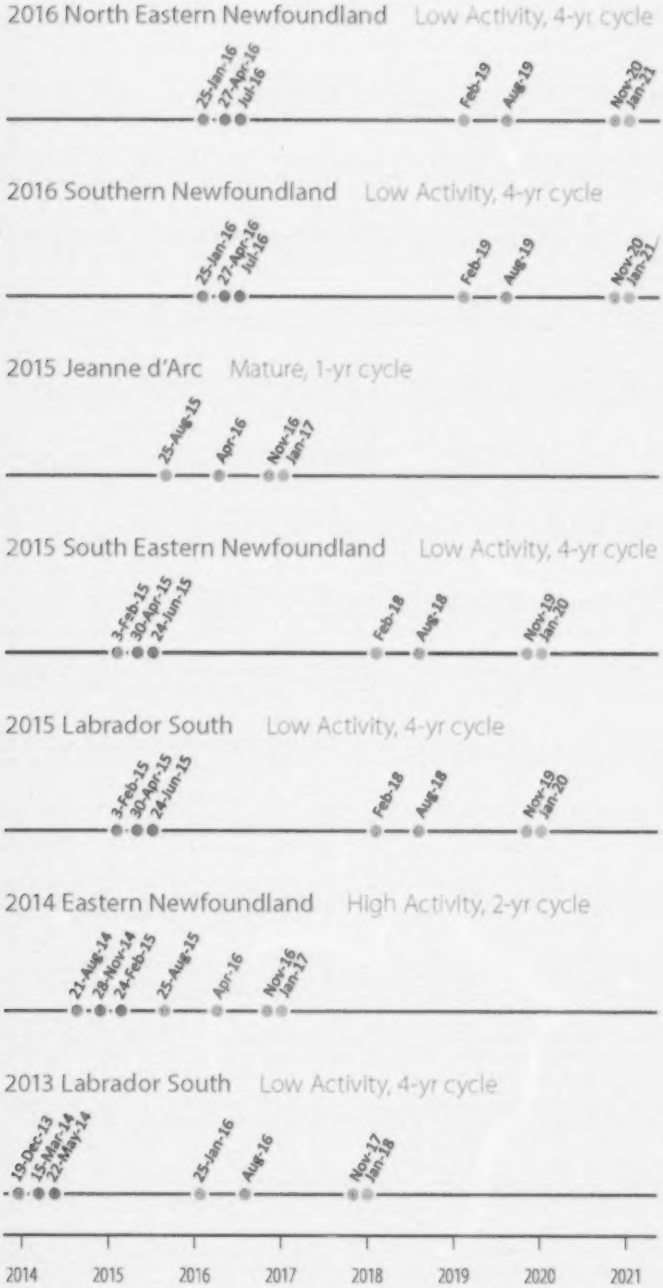
On January 25, 2016, the C-NLOPB issued new Calls for Nominations (Areas of Interest) in North Eastern Newfoundland (NL16-CFN01) and Southern Newfoundland (NL16-CFN02) Regions, as well as a Call for Nominations (Parcels) in the Labrador South Region (Sector NL01-LS) (see timeline).

### Land Tenure Regions



## Active Land Call Rounds Timeline

- Call for Nominations (AOI) Open
- Call for Nominations (AOI) Close
- Sector Identification
- Call for Nominations (Parcels) Open for Six Weeks
- Call for Bids Open
- Call for Bids Close
- Issuance of Licenses




# Oil and Gas

## 2016 Outlook

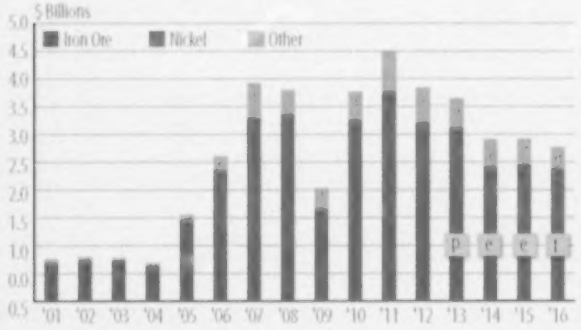
- Oil production is expected to increase by 7.7% to 67.5 million barrels.
  - Hibernia is expected to produce 41.8 million barrels, an increase of 8.8 million barrels in comparison to 2015.
  - Terra Nova is expected to produce 10.1 million barrels, a decrease of 3.0 million barrels from 2015. A 28-day maintenance shutdown is scheduled at Terra Nova for the second quarter of 2016.
  - White Rose (including North Amethyst) is expected to produce 15.6 million barrels, a decrease of 1.0 million barrels from 2015. A 20-day turnaround is planned on the *SeaRose FPSO* vessel in the third quarter of 2016.
- Brent crude is expected to average approximately US$37 per barrel on a calendar year basis (US$40 per barrel for fiscal year 2016-17).
- Hebron development activity will continue with mating of the GBS and topsides expected this year.
- Statoil will continue to delineate and assess the Bay du Nord discovery.
- Two Calls for Bids (Jeanne d'Arc Basin and the Eastern Newfoundland Region) will open in April 2016 and close in November 2016.

# Mining

*Voisey's Bay Mine Site. Courtesy: Vale*

The value of provincial mineral shipments totalled $2.9 billion in 2015, representing an increase of 0.4% from 2014 (see chart). This increase was due to higher nickel shipment value which offset lower iron ore shipment value. Total mining related employment (including employment associated with activities at Vale's Long Harbour nickel processing facility) averaged approximately 7,100 person years in 2015.

## Value of Mineral Shipments




p: preliminary; e: estimate; f: forecast
Source: Department of Natural Resources; Natural Resources Canada

## Market Conditions

Market conditions in 2015 continued to be challenging for the mining industry, particularly the iron ore sector. Slowing demand growth for iron ore in China, coupled with an increase in supply stemming from production increases by a number of key global iron ore producers, resulted in a significant decline in iron ore prices. Iron ore spot prices averaged US$55.54/tonne in 2015, down 42.7% from 2014.[1] Overall, iron ore spot prices have fallen almost 70% in the past two years (see chart). Nickel prices also fared poorly in 2015, averaging US$5.37/pound, down 29.9% from 2014. Copper prices declined by 19.8% in 2015, averaging US$2.50/pound.

## Iron Ore

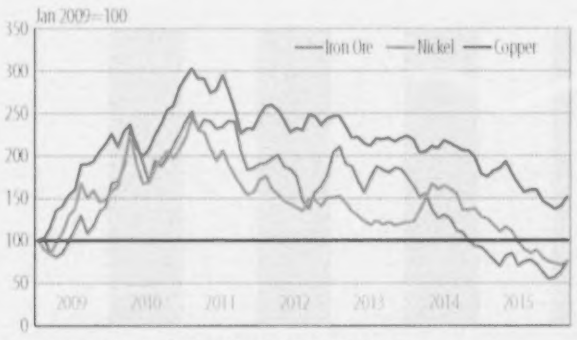
Following the suspension of operations at Labrador Iron Mines and the closure of Wabush Mines in 2014, the Iron Ore Company of Canada (IOC) and Tata Steel Minerals Canada (TSMC) remain Newfoundland and Labrador's only iron ore producers. Total iron ore shipments for the province were approximately 20 million tonnes in 2015, an increase of about 30% relative to 2014. The growth was due to production increases at both operations. However, the value of shipments fell by 10.3% as lower prices more than offset higher shipment volumes.

### Iron Ore Company of Canada

IOC undertook a $2 billion concentrate expansion program (CEP) from 2011 to 2014. This program increased its rated capacity to 23 million tonnes from 18 million tonnes. Total production from IOC increased from about 14 million tonnes in 2014 to over 18 million tonnes in 2015. The increase in production was due to efforts to decrease per unit costs, facilitated by the new CEP infrastructure. Most of IOC's costs are fixed costs and increasing production allowed the company to reduce its production costs per tonne.

In November, as a result of the declining pellet premium (the difference in price between pellets and concentrate), IOC shut down three of its six pelletizing lines and shipped the iron ore previously processed at those lines as concentrate instead of pelletizing it. The company continues to look for ways to reduce costs and in December reported that it would not renew its office leases in St. John's and Montreal, though no job losses in St. John's

## Mineral Price Indices




Note: Price indices calculated based on U.S. dollar prices.
Source: Bloomberg

[1] Iron ore spot prices are for iron ore 62% Fe Qingdao China.

resulted. IOC currently employs approximately 1,750 people and plays a key role in the economy of Western Labrador.

### Tata Steel Minerals Canada

TSMC's Direct Shipping Ore (DSO) project, which straddles the Québec-Labrador border, is a joint-venture owned by Tata Steel and New Millennium Iron Corp. The first shipment of iron ore from the project occurred in September 2013. Newfoundland and Labrador's share of shipments during 2015 totalled approximately 2 million tonnes.

Weak iron ore markets have negatively impacted TSMC's operations. In the current environment, the company has determined that it is not economically feasible to operate during the winter months. As a result, the company announced in January 2016 that it was temporarily scaling down winter operations.

Provincial shipments in the coming years are expected to fluctuate as Newfoundland and Labrador's share of the company's production varies. The project (both production and continued development) created employment of over 850 person years in the province in 2015 and will decline to around 200 persons (during operations) in 2017 as construction is completed.

### Voisey's Bay

The value of nickel shipped by Vale Newfoundland and Labrador (VNL) increased by 28.6% in 2015. Higher production volumes and a greater portion of the ore processed in the province more than offset lower market prices. Employment for all aspects of the Voisey's Bay project, including mining operations and Long Harbour operation and construction, was about 3,200 person years for 2015. Approximately 450 people were employed at the Voisey's Bay mine site and the balance were associated with the processing plant at Long Harbour. Operational employment (including contractors) at Long Harbour was about 700. Construction activity remained the biggest contributor to project employment in 2015.

In July 2015, Vale sanctioned the development of the Reid Brook and Eastern Deeps underground mine at Voisey's Bay. Construction is expected to begin in the fall of 2016 and access to the underground ore is expected to extend the life of the mine beyond 2030. Once completed, the underground mine is expected to produce about 40,000 tonnes of nickel concentrate that will be processed into finished nickel at the Long Harbour processing plant.

Phase 1 of VNL's Long Harbour nickel processing facility construction was completed in October 2013, with successful production of first nickel in July 2014. However, construction delays at the plant required amendments to the Voisey's Bay Development Agreement to allow continued export of concentrate from the mine. The latest amendment, announced in February 2015, is expected to result in an additional $200 million to the Provincial Government and $30 million for community initiatives in Newfoundland and Labrador. In exchange, the Province raised the export cap allowing Vale to export nickel concentrate from Voisey's Bay until the Long Harbour processing plant reaches full capacity. In January 2016, the plant switched from operating on imported nickel matte to 100% Voisey's Bay high grade concentrate.

### Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) extracts and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. RMM commenced commercial production in November 2012 and shipped around 4,200 tonnes of copper concentrate in 2015. The original mine plan suggested a six year mine life, but a reserve statement published in early 2014 stated that additional reserves had been identified, adding an extra year to the mine's life.

Voisey's Bay Port Site, Newfoundland and Labrador.

*Courtesy: Vale*

In July 2015, RMM announced that it had completed a pre-feasibility study of a high-tonnage, low grade resource in the area known as the Lower Footwall Zone (LFZ) located 100 metres below the sections currently being mined. This study outlined a plan to develop the LFZ. If developed, the project would reach full production capacity of 1,250 metric tonnes per day by 2018 and increase the mine life to 21 years.

Anaconda Mining Inc. began gold production in 2008 at its Point Rousse Project near Baie Verte. The project shipped approximately 17,000 troy ounces of gold in 2015 and work continued on exploring and delineating other deposits in the area to extend the life of the project beyond its current three years. Development of the nearby Stog'er Tight gold deposit is underway, following approval under the province's *Mining Act*. The operation currently employs around 90 people.

The Teck Duck Pond copper-zinc mine closed as scheduled on June 30, 2015 due to reserve exhaustion. The operation had employed approximately 300 people. Around 20 people remain employed for work associated with rehabilitation and closure of the site.

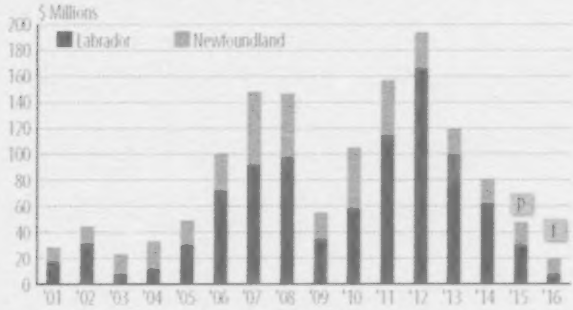
Atlantic Minerals continues to mine and ship chemical-grade limestone, chemical-grade dolomite and construction aggregate to markets around the world. The operation is a major employer on the Port au Port Peninsula, generating about 150 person years of employment in 2015.

The province's aggregate stone, sand and gravel industry shipped approximately 11 million metric tonnes valued at $44.4 million last year. This activity generated around 550 person years of employment in 2015, in addition to that at Atlantic Minerals.

## Exploration and Development

Mineral exploration and development activity remained depressed in 2015 due to weak markets and a difficult investment climate. Exploration expenditures fell to $47 million from $81 million in 2014 (see chart).

### Mineral Exploration Expenditures




p: preliminary; f: forecast
Source: Department of Natural Resources

Several mining projects in various stages of advancement have been either cancelled, postponed or scaled back. Alderon Iron Ore Corp. indefinitely deferred the development of its Kami iron ore project in 2014, and Paladin Energy Ltd. has placed the development of the Michelin Uranium Project into care and maintenance mode, with a reassessment of the project scheduled for July 2017. In September 2015, New Millennium Iron Corp. and Tata Steel announced that they would be reevaluating the proposed LABMAG/KEMAG iron ore project straddling the Québec-Labrador border. The development, rebranded the NuTac project, will consider a number of smaller scale projects that rely more on existing infrastructure.

Nonetheless, some projects are proceeding. Canada Fluorspar Inc. (CFI) is undergoing permitting for its AGS surface and underground mining project in St. Lawrence. The project was released from environmental assessment in November 2015. As well, Search Minerals recently completed a preliminary economic assessment of a rare earth element mine in the Port Hope Simpson area. Construction of a $1.9 million demonstration plant is underway and the company is in the process of conducting further testing and evaluation of the project while looking for investment partners.

Exploration activities continued throughout many regions of Newfoundland and Labrador, albeit at a reduced rate compared to previous years. Companies such as RMM and Anaconda undertook exploration at or near their current operations in an attempt to identify new resources. Both companies have also made acquisitions outside their current operations. RRM has acquired Thundermin Resources Inc.'s Little Deer copper project and Anaconda has entered into an option agreement with Spruce Ridge Resources Ltd. on its Viking gold project. In addition, junior companies explored for a wide range of minerals including gold, zinc, lead, copper, nickel, rare earth elements and potash.

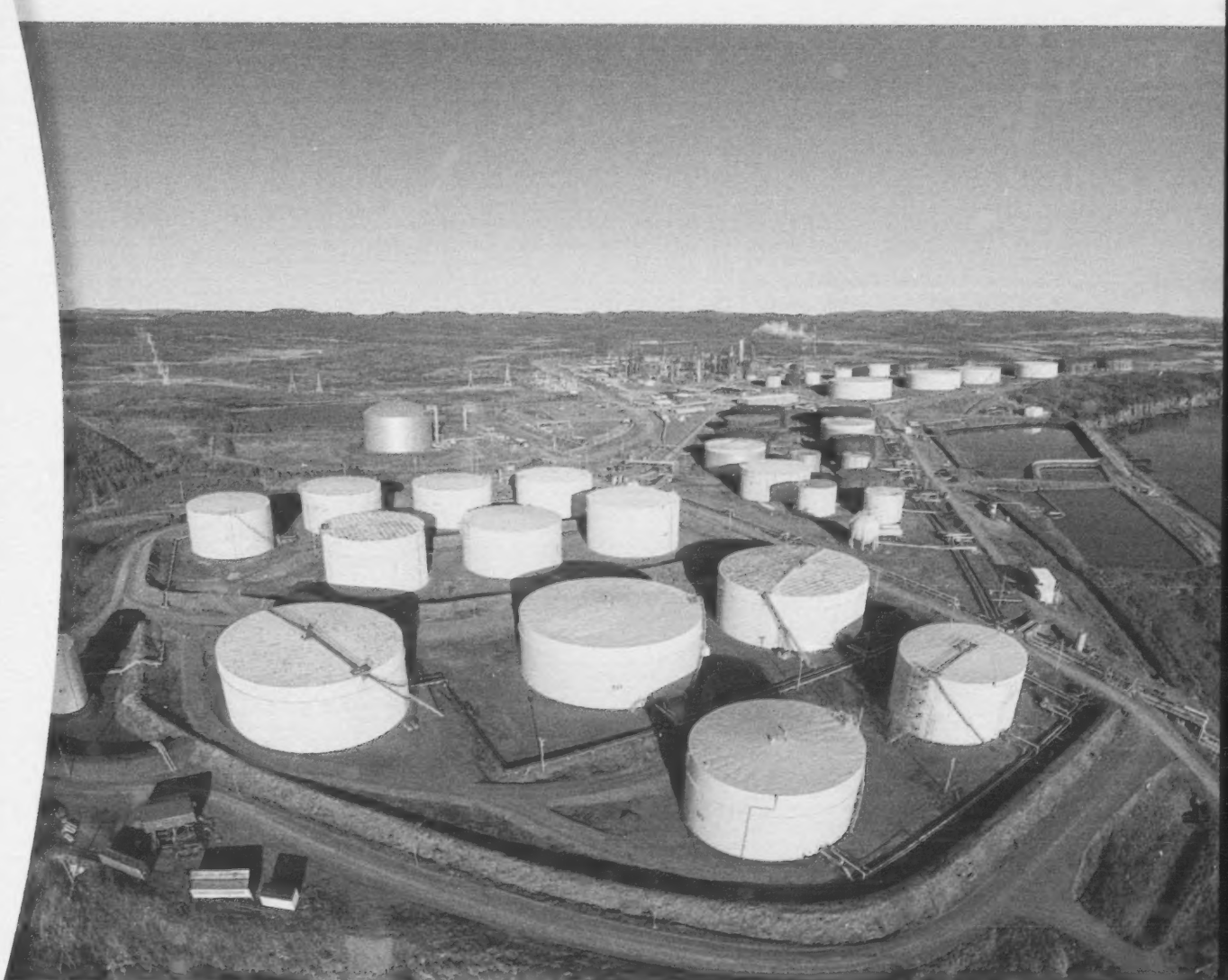
While the short-term is expected to remain challenging for mineral exploration and development, the province has a vast wealth of mineral resources that offer tremendous future potential when mineral markets improve and prices rebound.

# Mining

## 2016 Outlook

- The value of mineral shipments is expected to decline in 2016 as production increases at IOC are more than offset by lower average prices and reduced shipments from Voisey's Bay.
    - Iron ore prices have rebounded somewhat, and as recently as the end of March, prices rose to around US$54/tonne from a low of US$40/tonne in early January.
    - Nickel prices have stabilized in early 2016, averaging US$3.86/pound in the first three months.
- Construction of Vale's nickel processing plant at Long Harbour will continue with construction work expected to be completed in late 2016 or early 2017. This work will enable the plant to transition from processing only high grade Voisey's Bay nickel concentrate to the introduction of Voisey's Bay middling concentrate.
- Construction on the underground mine at Voisey's Bay is expected to begin in the fall of 2016. Access to the underground ore is expected to extend the life of the mine beyond 2030.
- Exploration expenditures are expected to decrease by about 59% to $20 million.

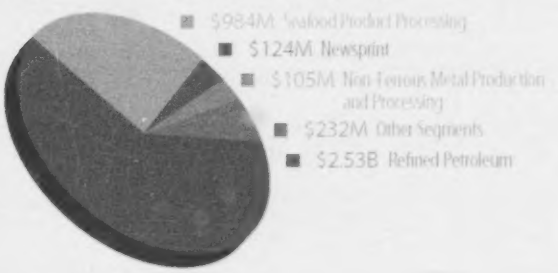
# Manufacturing



*North Atlantic Refinery, Come by Chance. Courtesy: NARL Refining, LP*

Newfoundland and Labrador's manufacturing industry contributed $1.3 billion to nominal GDP in 2014, representing 4.2% of total provincial GDP. Manufacturing employment in 2015 was approximately 11,400 person years and accounted for 4.8% of total employment in the province. The U.S. remains the largest export market for Newfoundland and Labrador manufacturers, representing 75.7% of the total export value in 2015. As such, the Canada-U.S. exchange rate is important to provincial manufacturers. The Canadian dollar fell 13.6% relative to the U.S. dollar last year, benefitting Newfoundland and Labrador exporters.

## Manufacturing Exports (2015)




Source: Industry Canada

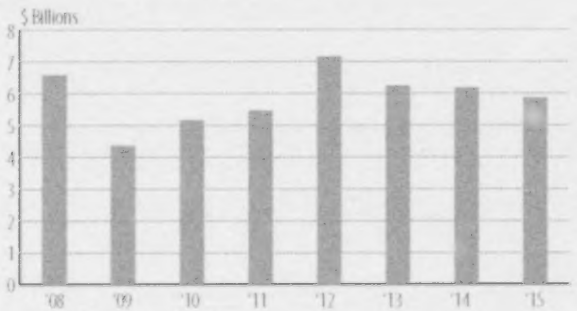
There are many manufacturers in the province producing a wide variety of products, with the majority of manufacturing output concentrated in refined petroleum, food processing (primarily fish), fabricated metal manufacturing, non-ferrous metal production and processing, and newsprint (see chart). The value of provincial manufacturing shipments decreased in 2015, mainly due to a drop in the value of refined petroleum products manufactured at the province's only oil refinery in Come by Chance. In 2015, the value of manufacturing shipments totalled over $5.8 billion, representing a decrease of 5.5% compared to 2014 (see chart).

The North Atlantic refinery in Come by Chance is strategically located along Atlantic crude oil shipping routes and provides SilverRange Financial Partners LLC, the owners of the refinery since November 2014, access to petroleum markets in Europe and the eastern U.S. seaboard. SilverRange has committed to investing capital and improving operations at the 115,000 barrel per day refinery. Specifically, it will reduce overall sulphur dioxide emissions at the refinery and undertake a capital investment program at the tank farm. This will support continued operations, employment and economic benefits in the province. In 2015, capital expenditures at the Come by Chance refinery totalled $80 million. The value of petroleum exports from the refinery totalled over $2.5 billion, representing a decrease of 10.1% compared to 2014. This drop in value can be mainly attributed to a decline in oil prices.

Fish processing continues to play a significant role in Newfoundland and Labrador's manufacturing industry. The value of international seafood product exports totalled over $1 billion in 2015—up 15.0% from 2014. This growth can be attributed to higher average market prices for some species (see *Fishery* for details).

Fabricated metal manufacturing continues to benefit from the development of various major projects in the province. In 2015, the value of fabricated metal manufacturing shipments totalled $310 million, representing a decrease of 1.0% relative to the previous year. However, fabricated metal manufacturing employment fell significantly last year, averaging around 1,000—a drop of 41.1% from 2014.

## Manufacturing Shipments




Source: Statistics Canada

The majority of manufacturing activity in Newfoundland and Labrador is linked to the processing of natural resources; however, there are a growing number of niche manufacturers producing innovative, high-value products. For instance, Kraken Sonar Inc. is an ocean technology company based in Conception Bay South that was founded in 2012 and produces and sells software-centric Synthetic Aperture Sonar (SAS), acoustic sensors and underwater robotics. Kraken's products are sold to defence contractors, commercial survey companies and research institutions for producing real-time, ultra-high resolution imagery and bathymetry of the seabed. Currently, their products are exported to over 10 countries, including Israel following a recent deal with Elbit Systems Ltd., an Israeli based defence contractor. The agreement will see Elbit's new unmanned service vehicle use Kraken's KATFISH towed sonar system in a deal worth at least $15 million over several years. This deal follows a $495,000 non-refundable financial contribution in February 2016 from the Government of Canada through the National Research Council of Canada's industrial research assistance program and funding totalling $750,000 from the Research & Development Corporation of Newfoundland and Labrador in November 2015 to assist with the development of the KATFISH platform. Kraken currently employs approximately 30 people, the majority of which are in science and engineering positions. Furthermore, the company anticipates creating about 10 new positions over the next 12 to 18 months.

*KATFISH prototype. Courtesy: Kraken Sonar Inc.*

In 2015, the value of non-ferrous metal production and processing international exports totalled almost $105 million. Vale Newfoundland and Labrador Ltd. achieved successful production of first nickel at the nickel processing facility in Long Harbour in July 2014, using a blend of high purity raw material from Indonesia and small quantities of ore from Vale's mine in Voisey's Bay. Vale continued to ramp up production in 2015 as well as integrate the remaining components required to process Voisey's Bay concentrate, resulting in the plant using 100% Voisey's Bay high grade concentrate as of January 2016 (see *Mining* for details).

The volume of newsprint shipped from Corner Brook Pulp and Paper Limited grew during 2015, increasing 5.5% compared to 2014. Furthermore, the estimated value of shipments rose 8.4% on a year-over-year basis due to a higher volume of shipments and higher Canadian dollar prices as the Canadian dollar depreciated relative to the U.S. dollar (see *Forestry* for details).

Employment in the manufacturing industry averaged approximately 11,400 in 2015—up 8.1% from the previous year. Gains in employment were mainly due to increases in food and beverage manufacturing, non-metallic mineral product manufacturing, and computer and electronic product manufacturing. These gains more than offset losses in fabricated metal manufacturing employment.

Labour income in the manufacturing industry grew 14.3% in 2015 relative to 2014. This growth is the result of employment growth and wage gains. Nationally, manufacturing labour income rose only 3.3% over the same time frame.

Specific advancements in Newfoundland and Labrador's manufacturing industry included:

- Construction of the Hebron gravity based structure began at the Bull Arm construction site in October 2012, while topsides fabrication began in 2013. As of December 31, 2015, over 3,300 individuals were employed at this site and construction and fabrication activities for the project will continue in 2016.

- Husky Energy completed a graving dock at the formal naval base in Argentia in March 2015. This facility was intended to be used to fabricate a concrete wellhead platform for the West White Rose Project; however, Husky announced in December 2014 that it is deferring the final investment decision on the West White Rose project and considering other modes of development, including subsea. Nevertheless, the site will have the potential to be used for future fabrication work and to complete emergency or refit work on offshore drilling rigs.
- Pennecon Energy finished assembling two decks for the Hebron GBS at the Port Harmon industrial facility in Stephenville in February 2015. Another milestone was the completion of assembly work for an additional three decks for the Hebron GBS (September 2015). About 120 manufacturing positions, including support staff, were created while this work was being completed.
- In October 2015, fabrication of a flare boom for the Hebron project was completed by Talon Energy at an industrial fabrication facility in Port-aux-Basques. This work lasted about 16 months and created about 50 manufacturing positions.
- Dynamic Air Shelters manufactures promotional, industrial, first-response and blast resistant inflatable safety shelters in Grand Bank. Its products have been used by oil and gas companies, construction firms, the Canadian military, food and beverage organizations, and professional sports teams. They employ up to 100 people during peak times. In October 2014, Dynamic began a R&D project to develop wide-span air-inflated fabric structures that will be rapidly deployable, able to resist blasts and tolerate extreme temperatures. The Atlantic Canada Opportunities Agency provided the company funding for the project totalling over $1.7 million in addition to almost $250,000 from the Research & Development Corporation of Newfoundland and Labrador. The project is expected to be completed in 2017.

# Manufacturing

## 2016 Outlook

- The value of provincial manufacturing shipments is expected to increase moderately in 2016 as Vale Newfoundland and Labrador continues to ramp up production at the nickel processing plant in Long Harbour.
- The development of Vale's nickel processing plant in Long Harbour is expected to progress with phase 2 construction continuing this year.
- SilverRange Financial Partners LLC anticipates spending approximately $80 million on capital expenditures at the refinery in Come by Chance in 2016.
- Fabricated metal manufacturing will continue to benefit from development of the Hebron project.
- The volume and value of newsprint shipments are anticipated to be similar to 2015 levels.
- The depreciation of the Canadian dollar with respect to the U.S. dollar should benefit local manufacturers.

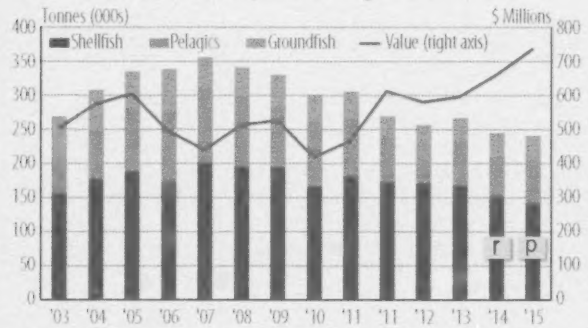
*Nickel Rounds, Long Harbour.*
*Photo by Keith Gosse/The Telegram.* Reprinted with permission.

# Fishery and Aquaculture

*Atlantic Salmon Cages, Northern Broad Cove. Courtesy: Department of Fisheries and Aquaculture*

The Newfoundland and Labrador seafood sector continues to be a significant contributor to the provincial economy. The overall value of commercial landings reached the highest value ever recorded in 2015. Meanwhile, the aquaculture industry rebounded after a challenging year in 2014. Together, the province's fishing and aquaculture industries total fish and seafood production value exceeded $1.2 billion, a 33% increase over the previous year.

### Commercial Fishery Landings




r: revised; p: preliminary
Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

The seafood industry continued to be a major source of employment in Newfoundland and Labrador in 2015, particularly in rural areas. Throughout more than 400 communities in the province, the industry employed approximately 17,500 people, representing a small decrease from the previous year. The number of fish harvesters was down 1.3% to just over 9,300 workers and the number of processing sector workers declined by 2.0% to approximately 7,700.[2] Aquaculture employment in 2015 was on par with 2014.

# Capture Fisheries

Fish landings remained fairly stable in 2015 at approximately 240,800 tonnes (see table and chart). Increased landings of pelagics and groundfish mostly offset declines in shellfish. The associated landed value reached an all-time high of $738 million, representing an 11.6% increase from $661 million the previous year. Growth was driven by increased raw material prices for key species, most notably lobster and shrimp.

## Shellfish

The shellfish sector remained the dominant species group in 2015, accounting for 58.9% of total fish landings and 82.5% of the associated total landed value. Shellfish landings decreased to about 141,900 tonnes in 2015, a 6.9% drop from a year earlier. Lower catches of snow crab in Northwest Atlantic Fisheries Organization (NAFO) Division 3Ps and lower catches of other shellfish were mainly responsible for the decline in total shellfish landings. The corresponding landed value of shellfish increased 11.7% to $609 million in 2015, a significant rise from $545 million in 2014 due mainly to higher prices for lobster and shrimp.

The shrimp fishery in Newfoundland and Labrador increased in terms of both volume and value in 2015. Shrimp landings increased 1.9% to 73,300 tonnes, primarily due to higher catches of northern shrimp in Shrimp Fishing Areas 5 and 6. The total landed value of shrimp increased 33.3% to $282 million in 2015, attributable mainly to higher raw material prices. The minimum landed price paid to inshore harvesters for shrimp in the 2015 summer fishery was $1.64/pound, almost double the 2014 summer fishery price of $0.87/pound. The minimum price also increased notably in both the spring and fall shrimp fisheries. Shrimp prices increased mainly due to lower global supply stemming from lower production in Greenland and Norway (due to quota cuts in both countries).

Snow crab landings dropped 5.3% to 47,300 tonnes in 2015, as a result of lower snow crab catches in NAFO Division 3Ps. The corresponding snow crab landed value, however, remained constant at $258

[2] Processing employment data are from the Department of Fisheries and Aquaculture's annual employment survey and are based on the number of individuals employed during the year. The harvesting employment data are based on the number of fish harvesters registered with the Professional Fish Harvesters Certification Board. These data differ from Statistics Canada Labour Force Survey data (included in the table on page 3) which uses a person-year concept of employment.

## Capture Fishery Landings and Landed Value

| Species | 2014 Revised | | 2015 Preliminary | | 2014/2015 Comparison | |
|---|---|---|---|---|---|---|
| | Volume (tonnes) | Value ($000s) | Volume (tonnes) | Value ($000s) | % Volume | % Value |
| Shrimp | 71,932 | 211,492 | 73,306 | 281,834 | 1.9 | 33.3 |
| Snow Crab | 49,949 | 257,673 | 47,310 | 257,618 | -5.3 | 0.0 |
| Other Shellfish | 30,543 | 75,582 | 21,271 | 69,159 | -30.4 | -8.5 |
| SHELLFISH | 152,423 | 544,747 | 141,887 | 608,610 | -6.9 | 11.7 |
| Turbot | 11,351 | 54,990 | 11,663 | 65,772 | 2.7 | 19.6 |
| Cod | 10,324 | 12,597 | 10,466 | 13,026 | 1.4 | 3.4 |
| Flounders | 8,257 | 10,826 | 7,000 | 9,132 | -15.2 | -15.7 |
| Other Groundfish | 4,290 | 19,156 | 5,823 | 22,045 | 35.7 | 15.1 |
| GROUNDFISH | 34,222 | 97,569 | 34,952 | 109,975 | 2.1 | 12.7 |
| Capelin | 28,861 | 9,162 | 36,486 | 10,216 | 26.4 | 11.5 |
| Herring | 25,731 | 5,673 | 26,697 | 6,651 | 3.8 | 17.2 |
| Other Pelagics | 3,548 | 2,561 | 763 | 1,145 | -78.5 | -55.3 |
| PELAGICS | 58,141 | 17,395 | 63,945 | 18,011 | 10.0 | 3.5 |
| Harp Seals (Number) | 59,486 | 1,621 | 35,842 | 1,123 | -39.7 | -30.7 |
| TOTAL | 244,787 | 661,332 | 240,785 | 737,719 | -1.6 | 11.6 |

Notes: Species components may not sum due to independent rounding.
The value of flounders may be understated as they may not be representative of port prices.
Total volume does not include the number of seals.
Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

million due to an increase in raw material price. The average price of snow crab increased from $2.34/pound in 2014 to $2.47/pound in 2015.

The performance of the lobster fishery in Newfoundland and Labrador in 2015 was strong. Landings and landed value increased by 26% and 75.1%, respectively. Total lobster landings rose from around 2,100 tonnes in 2014 to just under 2,700 tonnes in 2015. The associated landed value rose from $18 million to $32 million. Lobster prices increased by approximately 40% to an average of $5.44/pound in 2015.

### Groundfish

Groundfish remained an important contributor to the Newfoundland and Labrador wild fisheries in 2015. In total, groundfish represented 14.5% of total fish landings and 14.9% of landed value. Landings increased 2.1% to nearly 35,000 tonnes in 2015. A large increase in redfish catches offset a decline in flounder landings, while cod landings remained relatively stable. The corresponding groundfish value increased 12.7% to approximately $110 million in 2015. Increased value stemmed from higher raw material prices of certain species, specifically turbot, redfish and halibut.

### Pelagics

Pelagics accounted for 26.6% of total wild fisheries landings and 2.4% of total value in 2015. Compared to 2014, total landings increased by 10.0% to 63,900 tonnes, mainly due to increased capelin catches. The associated landed value of pelagics rose by 3.5% in 2015 to $18 million. Capelin landings reached 36,500 tonnes (the highest in eight years) and the landed value was $10 million, up by

26.4% and 11.5%, respectively, from 2014. Herring landings rose modestly while mackerel landings recorded a significant decline.

### Harp Seals

The seal fishery in Newfoundland and Labrador continues to be challenged by market access restrictions. The number of seals harvested totalled 35,842 in 2015, down from 59,486 in 2014. The overall Atlantic-wide Total Allowable Catch (TAC) was 400,000 animals in 2015. Associated landed value of seals was $1.1 million. The average landed price per pelt was just over $30, a slight increase from 2014.

## Aquaculture

The Newfoundland and Labrador aquaculture industry is primarily focused on the production of Atlantic salmon, blue mussels and steelhead trout. Since the adoption of the Newfoundland and Labrador Aquaculture Strategic Plan in 2000, the industry has grown significantly. This growth has created socio-economic opportunities for rural communities in the Coast of Bays region and other areas of the province. The Province released a new Sustainable Aquaculture Strategy in 2014 to support the aquaculture industry.

The aquaculture industry in Newfoundland and Labrador experienced positive growth in 2015. The industry rebounded from lower production in 2014 attributable to the removal of fish from the production cycle (due to the detection of the virus that may lead to Infectious Salmon Anaemia) in 2012 and 2013, and the superchill event during the winter of 2014. Total aquaculture production in 2015 was 22,800 tonnes, up significantly relative to the 9,200 tonnes produced in 2014 (see chart). The growth was mainly attributable to increased salmonid production, particularly Atlantic salmon. The total value of aquaculture production in 2015 was $161 million, up 172% from 2014. The increase in total market value was also mostly due to the rise in Atlantic salmon production.

Direct employment for the aquaculture industry in 2015 was estimated at 439 persons, on par with 2014.

### Salmonids

Atlantic salmon and steelhead trout are the two major commercial salmonid species in the province. In 2015, there were 87 commercial salmonid site licences, covering a combined area of 2,402 hectares.

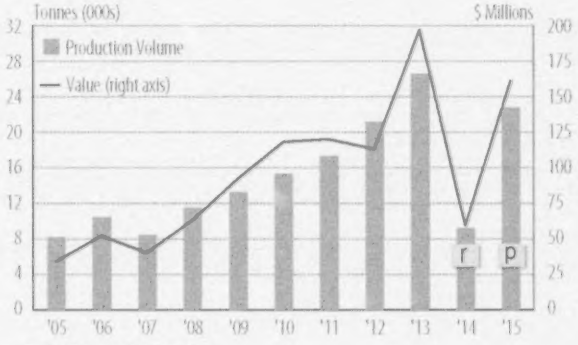
In 2015, salmonid production increased significantly. Total aquaculture salmonid production was approximately 19,700 tonnes and was valued at $149 million. This represented large increases in both production volume and production value compared to 2014. Market prices for 8-10 pound wholefish Atlantic salmon declined over 2014; however, the lower value of the Canadian dollar partially offset the reduction in U.S. dollar prices.

### Shellfish

In Newfoundland and Labrador, the blue mussel is the main commercial aquaculture shellfish species. In 2015, there were 51 commercial shellfish site licences that covered a combined area of 4,090 hectares.

Mussel production declined 4.0% to 3,100 tonnes in 2015, while market value increased 10.4% to $12.8 million. The mussel sector experienced challenges

### Aquaculture Production Volume and Value
(all species)




r: revised; p: preliminary
Source: Department of Fisheries and Aquaculture

harvesting product during the winter season in 2015, limiting the product supply available for processing and lowering total production volume. The rise in shellfish value was due to the lower value of the Canadian dollar, as U.S. dollar prices were relatively stable.

In 2015, the first commercial oyster sites were licensed in the province with commercial production anticipated in the next two to three years.

### Future Expansion

On May 14, 2015, the Department of Fisheries and Aquaculture announced it would provide $8.15 million of funding to Northern Harvest Sea Farms Inc. to expand the company's aquaculture operations in the province. The investment will increase production capacity and is expected to generate additional employment for the south coast region.

In the 2015-16 fiscal year, the Provincial Government invested $1.33 million in marine infrastructure for the aquaculture industry. Minor repair work was completed on both the Harbour Breton and Hermitage wharfs. Furthermore, major construction on the Milltown wharf was completed this past winter.

## Marketing

Newfoundland and Labrador's seafood products are exported to more than 40 countries around the globe. In 2015, the province's seafood industry exported products valued at over $1 billion, up 15.0% from the same period in 2014. Snow crab and shrimp comprise the largest share of exports, accounting for over 70% of the total value of seafood exports.

A number of factors affect seafood production in the province, including demand from other countries, availability of raw material, prices and exchange rates. For the Newfoundland and Labrador seafood industry, a weaker Canadian dollar results in more favourable returns for exporters. The Canadian dollar was significantly weaker against the U.S. dollar and the British pound in 2015, down 13.6% and 6.8%, respectively, compared to 2014. While the Canadian dollar was stronger against the Euro for most of 2015 compared to the previous year, it weakened in the latter part of the year and has continued to weaken into 2016.

The U.S. remains the largest export market for Newfoundland and Labrador seafood products, representing 39.6% of export value in 2015. China was the second largest export destination, representing 19.6% of export value. Other key markets, in terms of export value, included the United Kingdom at 9.2%, Denmark at 6.0% and Vietnam at 4.1%. Combined, these markets represented 78.5% of the province's total value of seafood exports.

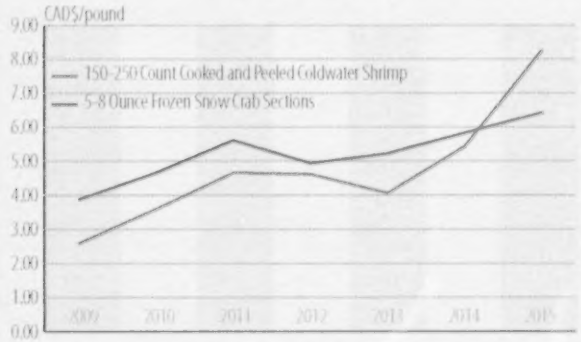
Global seafood demand remained stable in 2015. Emerging and expanding markets, particularly in China, are driving fish consumption growth.

Snow crab was the most valuable seafood export for the province in 2015, valued at over $376 million. The U.S. remained the largest export destination for snow crab, accounting for 74.0% of export value, followed by China with approximately 17.0% of export value. Market prices remained fairly strong through 2015. According to Urner Barry Publications Inc., the average market price for 5-8 ounce sections decreased 4.7% to US$5.02/pound in 2015, down from US$5.27/pound in 2014; however, taking into account the U.S./Canadian exchange rate, the price actually increased in Canadian dollars (see chart). This contributed to an increase in returns to exporters.

The value of shrimp exports was nearly $347 million in 2015, up 31.4% from 2014 due to record high shrimp prices. The key markets by value for cooked and peeled shrimp (which are mainly supplied by the inshore fleet) were the United Kingdom (59.3%), Denmark (23.4%) and the U.S. (9.0%). The major markets, for shell-on, frozen-at-sea shrimp (which are supplied by the offshore fleet) were China (40.7%), Iceland (16.6%) and Denmark (13.3%).

The average market price for cooked and peeled 150-250 count coldwater shrimp was $8.26/pound, up over 41% from 2014 (see chart).[3]

### Shrimp and Snow Crab Average Market Prices




Source: Urner Barry Publications Inc.; Gamba Seafood Consulting; Canada UK Partners

[3] This was the dominant processed product of Newfoundland and Labrador shrimp fishery, representing 48.9% of total shrimp production volume.

# Fishery

## 2016 Outlook

- Total fish landings are expected to be similar to those of 2015. An anticipated rise in groundfish landings will likely be offset by declines in shellfish landings as quotas for snow crab and shrimp will be reduced.
- A low Canadian dollar relative to the U.S. dollar will result in more favourable market returns for Newfoundland and Labrador exporters.
- Global supply of snow crab is expected to continue to tighten as there has been a substantial cut to the Alaskan crab quota. This should result in stable or slightly higher market prices in 2016.
- The global supply of coldwater shrimp will likely continue to decline in 2016 due to decreased quotas, leading to continued support for high prices.
- Global whitefish supply is expected to remain relatively stable.
- Aquaculture production in the province is expected to increase in 2016 to a level near the peak recorded in 2013.

# Forestry and Agrifoods

*Stacked logs, Burton's Cove Logging & Lumber Ltd. Courtesy: Forestry and Agrifoods Agency*

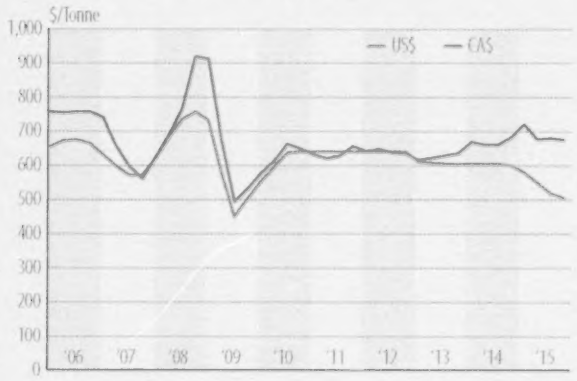
# Newsprint

## North American Industry

North American newsprint producers continued to struggle with difficult market conditions in 2015. Newsprint shipments declined by 11% and exports were down as well.

North American newsprint demand has declined for more than a decade, reflecting the growing popularity of digital media. Demand for newsprint dropped by two-thirds between 2000 and 2015. The industry has tried to limit the supply of newsprint in an effort to allow for higher prices, yet the market remains oversupplied due to the steady decline in demand. This has induced downward pressure on newsprint prices. The price of newsprint averaged US$538/tonne in 2015, 10.8% lower than in 2014 (see chart). The marked decline of the Canadian dollar relative to the U.S. dollar has, however, provided some relief to Canadian producers. In Canadian dollars, the average price of newsprint increased by 3.0% in 2015, compared to 2014.

### North American Newsprint Prices




Source: TD Financial Group; Pulp and Paper Weekly; Bank of Canada; Department of Finance

## Provincial Industry

The provincial newsprint industry has faced challenges similar to those of the overall North American industry, with the number of newsprint facilities reduced from three to one over the last decade. The remaining facility is owned by Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Industrial. CBPPL employs close to 500 full-time and casual workers among the paper mill, forest operations and power plants.

CBPPL has engaged in a long-term sustainability plan, facilitated by a loan agreement with the Provincial Government. The loan agreement was announced in 2014. Under the terms of the agreement, CBPPL has access to a fully repayable loan of up to $110 million, secured by a mortgage on the company's power assets and water rights, including the Deer Lake Power Plant and Watson's Brook Power Plant. The loan is being used by the company for debt restructuring and capital improvements at the Corner Brook facility and the Deer Lake Power Plant, and has enhanced the sustainability of the mill. Rebalancing the operation of the mill is important to the Corner Brook region, and also has implications for the sawmill industry, which exchanges raw material with the paper mill for mutual benefit.

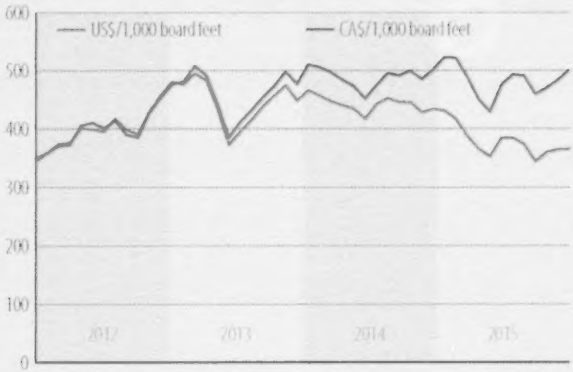
Provincial newsprint shipments in 2015 totalled 254,626 tonnes, up 5.5% compared to 2014. The estimated value of shipments increased by 8.4%, benefitting from higher volume and depreciation of the Canadian dollar, which more than offset the lower US$ prices.

# Lumber Production

Lumber prices declined from US$431/ thousand board feet in January 2015 to US$362 in January 2016 (see chart). Prices have been negatively impacted by lower exports to China and the expiration in October 2015 of the 2006 Canada/U.S. Softwood Lumber Agreement. Under the agreement, Canadian exporters to the U.S. faced a 15% tariff. The agreement specified that upon its expiration Canadian producers will not face any trade tariffs for the next 12 months, thus easing trade constraints and putting downward pressure on prices. However, lumber prices are expected to increase

slightly in 2016. U.S. housing starts, an important contributor to lumber demand, are expected to continue to be robust.

### Lumber Prices




Note: Price is for Kiln Dried Eastern Spruce-Pine-Fir # 1&2 2x4 f/l - Delivered Great Lakes
Source: Random Lengths Weekly Pricing; Forestry and Agrifoods Agency; Bank of Canada; Department of Finance

Canadian lumber production totalled 22.8 billion board feet in the first ten months of 2015 (up 7.1%) compared to the same period in 2014. British Columbia accounted for about one half of this production. During this period, Canadian lumber exports increased by 1.8%—exports to the U.S. increased by 6.6% (73.8% of lumber exports) and exports to China decreased by 17.0% (15.5% of lumber exports).

Newfoundland and Labrador lumber production increased in 2015 due to improved saw log availability and new capital investments. Production increased from 65 million board feet in 2014 to 71 million in 2015. Slight increases are also anticipated in 2016 and 2017.

One example of new capital investments is Sexton Lumber Co. Ltd. in Bloomfield, on the Bonavista Peninsula. Sexton Lumber is the largest integrated sawmill in Newfoundland and Labrador. In 2016, the company will expand its operations with the addition of a finger jointing plant. The plant will produce 10 million feet of lumber annually. The creation of six full-time jobs is expected, with completion planned for 2016.

Wood pellet production is a relatively recent addition to the forestry sector, providing a value-added product and diversifying the sawmills' product lines. Two wood pellet plants produce for the local market. A third one, Holson Forest Products in Roddickton, began operations in 2011, with a focus on exporting. Its operations are currently idled as the company seeks a financial solution to get both the sawmill and pellet plant back into operation.

### Future Development

The Provincial Government continues to work towards an agreement on the utilization of forest resources in central Newfoundland, which were formerly held by AbitibiBowater until the closure of the Grand Falls-Windsor mill in 2009. The unallocated wood supply available for development is 280,000m$^3$ per year (representing approximately 12% of the allowable wood supply for the island portion of the province). Forestry and Agrifoods Agency issued a Call for Expressions of Interest in 2013 to develop some of those timber resources.

Although the formal process of the Call for Expressions has concluded, the Provincial Government will continue to consider proposals from other proponents for this region. There is also interest for the development of Labrador forest resources, with projects under consideration.

In January 2016, the Forestry and Agrifoods Agency achieved the ISO 14001:2004 environmental management system certification. The certification is compulsory for all forestry activities carried out on Crown land in the Province. This standard emphasizes the Province's commitment to sustainable forest management and opens access to additional certifications in the industry. Obtaining this certification has several associated benefits, such as cost savings in waste management, reduced insurance costs, better risk management, and competitive marketing advantages for local wood product manufacturers. This will not impact annual harvest amounts, as the industry is already harvesting at a sustainable rate.

# Agrifoods

## Farm Cash Receipts

Provincial farms reported receipts of $100.9 million during the first three quarters of 2015, up 3.4% from the same period in 2014. The increase reflected higher livestock receipts. Livestock and livestock products, which accounted for 88% of total receipts during this period, were up by 3.9% to $88.8 million. Farm cash receipts from chicken farming are not available due to confidentiality restrictions, but data from the Chicken Farmers of Canada indicates that the volume of chicken produced in the province in 2015 totalled 14.4 million kilograms, up 0.7% from 2014. Total crop production receipts decreased by 0.4% to $11.8 million during the period. This decline was due to lower receipts in the field vegetables category, notably due to the poor weather of last summer. Nonetheless, there were gains in small fruits and greenhouse vegetables.

## Provincial Government Seed Potato Program

Between 2000 and 2014, farm cash receipts for potatoes in the province increased by 34.2%, from $1.2 million to $1.6 million. However, the majority of potatoes consumed in the province continue to be imported, mainly from Prince Edward Island and New Brunswick. There is significant potential for expansion in the provincial industry. Recent initiatives from the Forestry and Agrifoods Agency will help support this expansion.

Essential to growth in the potato industry is the supply of quality, disease-free potato seed. Prior to 2012, nuclear seed potatoes – first generation potatoes produced from disease-free culture stock grown under sterile, protected conditions – were provided by the federal Plant Health Facility in St. John's, which closed in April 2012. Unlike grain seeds, nuclear seed potatoes cannot be transported over long distances, which makes importing

*Potato crop. Courtesy: Forestry and Agrifoods Agency*

unviable. Access to Newfoundland specific cultivars is crucial to local farmers and individual gardeners to ensure quality crop production and return on investment.

To fill this gap, the Provincial Government established the Nuclear Seed Potato Propagation Facility, a completely closed seed potato production system. An unused tree nursery, located in St. John's, was converted into two greenhouses and a propagation laboratory for use by the facility. It became operational in late 2014 and delivered its first plantlets in January 2015.

The facility is currently producing 15,000 nuclear seed potato tubers annually that are sent to the provincial seed potato farm in Glenwood, where they are multiplied in the field. The resulting seed potatoes are then sold to potato producers throughout the province. Seed potato production is about three times that of the previous Plant Health Facility, facilitating growth and self-sufficiency in potato production.

This completely closed seed potato system ensures the availability of high quality disease free seed potatoes for producers who will ultimately supply potatoes to the Newfoundland and Labrador market. Current production in the province is in the neighbourhood of 600 acres, with a potential for over 3,000 acres to completely supply the retail and wholesale markets in the province. Production occurs throughout the island and also in the Goose Bay area of Labrador. The largest growers are in Cormack, Lethbridge and Wooddale.

Included in the varieties produced at Brookfield Road and Glenwood is one unique to Newfoundland and Labrador developed by Agriculture Canada and named "Fortune", after the community on the Burin Penninsula. This oval shaped, red potato was developed specifically for the growing conditions in this province and produces a high yield of potatoes. It will become available to provincial potato farmers in 2016.

# Forestry and Agrifoods

## 2016 Outlook

- Excess newsprint supply is anticipated in the North American market and this is expected to continue to put downward pressure on prices.
    - Newsprint prices are expected to average US$535/tonne, slightly down from an average of US$538/tonne in 2015. Canadian producers are expected to receive some relief from the low exchange rate, with the Canadian dollar forecast to average US$0.723 in 2016.
- Newsprint shipments from Newfoundland and Labrador are expected to be around 250,000 tonnes, down 1.8% from 2015.
- North American lumber prices are expected to increase, from an average transaction price of US$377 per 1000 fbm$^2$ to US$422.
- Lumber production is anticipated to increase by 5.6% to approximately 75 million board feet, reflecting mill improvements and increased capacity.
- Farm cash receipts are expected to post modest gains.

# Construction

*Construction activity at North Spur. Courtesy: Nalcor Energy.*

In 2015, spending in the construction industry retreated from the historical highs set in 2014, but the level of local activity remained brisk and employment remained near historical highs. Following unprecedented growth over the past several years, construction related investment declined by 8.7% to $9.4 billion in 2015 (see chart). Construction industry employment remained unchanged at 22,600 last year. Construction employment and wages have both more than doubled since 2001 and remain at very high levels.

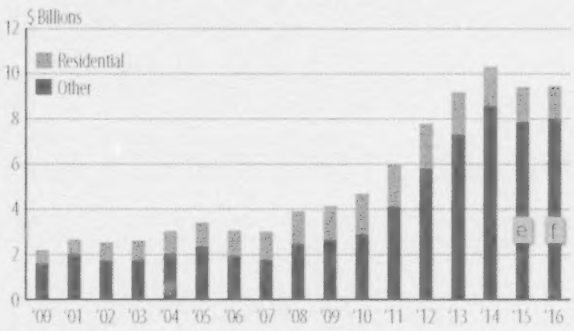
## Investment Expenditures

Construction industry activity is generated by three types of spending: residential investment, government capital spending and private sector investment in non-residential structures. In 2015, a significant portion of expenditures in private sector construction were attributable to the utility, mining and oil and gas extraction industries. Investment in mining and oil and gas last year included both the expansion of currently producing oil projects, such as White Rose and Hibernia, as well as new construction related to the ongoing development of the Hebron project. Investment in the utilities industry reflected work on the Muskrat Falls project.

Investment in residential construction fell 9.4% to $1.4 billion in 2015, as housing starts continued to decline. Expenditures on renovations (up 1.8%) partially offset declines in expenditures on new dwellings (down 25%). The decrease in expenditures for new dwellings is consistent with fewer housing starts this year (see *Real Estate*).

Increased spending on the Muskrat Falls project was insufficient to offset lower capital spending on the White Rose and Hebron oil projects and, as a result, private sector non-residential capital spending declined by approximately 9% in 2015. Despite lower spending, local employment on most major projects either increased or remained on par with 2014 levels.

## Construction Related Investment

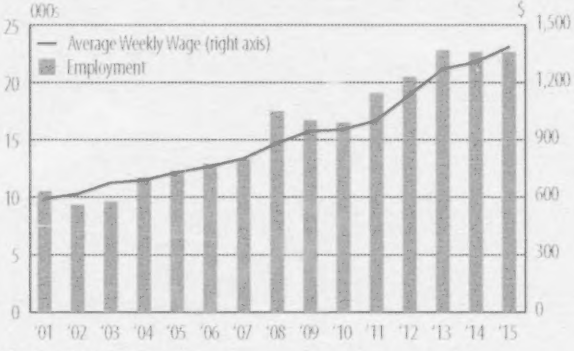



e: estimate; f: forecast
Source: Statistics Canada; Department of Finance

## Employment and Wages

The recent surge in construction investment in the province is reflected in construction industry labour market indicators. Construction wages have increased considerably over the past eight years. Between 2007 and 2015, average weekly wages in the construction industry increased by over 72%. Average weekly wages in construction were $1,384 in 2015 (see chart). Amongst provinces, only Alberta recorded a higher weekly construction wage than Newfoundland and Labrador.

## Construction Employment and Wages




Source: Statistics Canada

In 2015, construction industry employment averaged 22,600, identical to 2014 levels and only slightly below the historical peak of 22,800 set in 2013. Higher employment levels at Vale's nickel processing facility in Long Harbour and the Muskrat Falls hydroelectric project offset lower employment on the White Rose project and reduced residen-

tial construction activity. Ongoing major project development, public sector infrastructure spending and a number of new commercial and industrial projects have been the primary drivers of high levels of construction activity in Newfoundland and Labrador.

# Construction

## 2016 Outlook

- Construction activity is expected to remain at high levels due to continued work on the Hebron and Muskrat Falls projects.
- Major project spending and employment are expected to increase due to higher activity levels on the Muskrat Falls project.
- Total construction related capital spending is expected to remain on par with 2015 levels at roughly $9.4 billion.
- Over $33 billion in project spending is planned or underway in the province according to the *Inventory of Major Capital Projects* (see page 62).

# Real Estate

*15 International Place, St. John's. Courtesy: Department of Finance*

## National

The national real estate market continued to exhibit robust conditions in 2015; however, performance varied across regions. Compared to 2014, housing starts increased 3.3%, the number of residential properties sold increased 5.3%, and the average price rose 8.6%. Growth in the national market was driven by strong activity in Vancouver and Toronto, which more than offset declines in other markets, such as Calgary and Edmonton, where the economy has been weakened by the downturn in commodity markets.

## Provincial

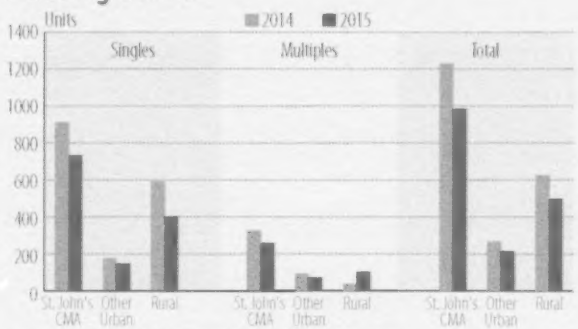
The real estate market in Newfoundland and Labrador was subdued in 2015. Residential sales activity increased slightly; however, housing prices declined and housing starts fell. The residential rental market remained strong in 2015, with vacancy rates stable and average rents increasing in most urban areas of the province. In the commercial sector, the office vacancy rate continued to increase and, although average rental rates for 2015 were higher than in 2014, rental rates dropped in the fourth quarter of 2015.

## Housing Starts

There were 1,697 housing starts in the province in 2015, a decrease of 19.9% compared to 2014. Single-detached housing starts, which typically account for the vast majority of total starts in the province, fell to 1,271 units in 2015, a 23.9% decrease compared to 2014. Multiple starts (which include denser housing types such as row, semi-detached homes, apartments and condominiums) fell to 426 units, down 5.1% compared to 2014 and 68.7% lower than the most recent high recorded in 2012. The decline in housing starts reflects a number of factors, including a build-up of housing stock, slow population growth, declining employment, and declining consumer confidence resulting from recent changes in commodity markets.

There were 1,200 housing starts in urban areas of the province in 2015, a 19.7% decrease compared to 2014. In the St. John's Census Metropolitan Area (CMA), the largest market in the province, housing starts declined 19.9%, with both single and multiple starts falling substantially. Rural housing starts were also down 20.4% to 497 units, compared to 624 units in 2014.

### Housing Starts

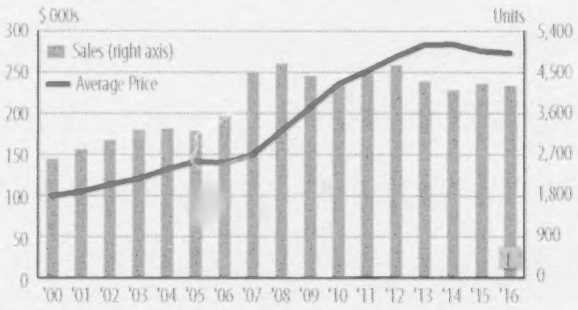



Source: Canada Mortgage and Housing Corporation

## Residential Sales and Prices

The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) rose 3.7% to 4,251 units in 2015, compared to the previous year (see chart). In 2015, the average MLS® residential price in the province was $275,579, a decrease of 2.9% compared to 2014.

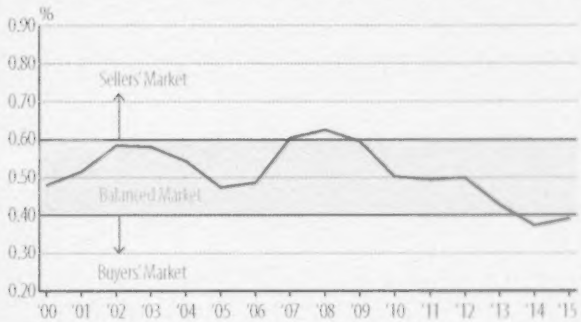
### Residential MLS® Sales and Average Price




F: forecast
Source: Canadian Real Estate Association

Relatively flat prices over the last several years reflect a shift from a relatively balanced market to a buyers' market as indicated by the sales-to-new listings ratio. This ratio is commonly used as an indicator of housing market conditions. A housing market is generally considered balanced when it ranges from 40% to 60%. A ratio below 40% indicates a buyers' market, while a ratio above 60% indicates a sellers' market. Although the ratio of sales to new listings rose slightly from 37.3% in 2014 to 39.1% in 2015, it still indicates a buyers' market (see chart).

### Home Sales-to-New Listing Ratio, 2000 - 2015




Source: Canadian Real Estate Association; Department of Finance

In the St. John's CMA, the average MLS® residential price was $311,964 in 2015, a decrease of 4.2% compared to 2014. The number of residential sales in St. John's increased 4.2% to 2,662 units in 2015, compared to 2,554 units in 2014.

## Affordability

Residential retail prices in Newfoundland and Labrador were relatively unchanged in 2014, and then fell slightly in 2015 after a decade of dramatic increases. A common measure of how affordable homes are for buyers is the affordability ratio, which equals the average price of a home divided by the average household income. In 2015, the average cost of a home in Newfoundland and Labrador was 3.85 times the average household income in the province. This was higher than the affordability ratio of Nova Scotia (3.58), New Brunswick (2.76) and Prince Edward Island (2.65), but less than that of all other provinces in Canada. In comparison, the average cost of a home was 6.35 times average household income in Ontario and 9.69 times household income in British Columbia.

## Rental Market

According to the Canada Mortgage and Housing Corporation's most recent Rental Market Survey, the overall residential vacancy rate in Newfoundland and Labrador was 4.1% in October 2015, unchanged compared to October 2014. The vacancy rate was 4.7% in St. John's in October 2015, which was statistically unchanged from the 4.6% observed in October 2014.[4] Vacancy rates were 2.9% in Corner Brook (down 0.8 percentage points (ppt.) from October 2014), 2.7% in Gander (up 1.5 ppt.), and 2.6% in Grand Falls-Windsor (down 0.7 ppt.).

The average monthly rent for a two-bedroom apartment in the province in October 2015 was $834, up from $812 in October 2014. By comparison, the average rent for a two-bedroom apartment was higher in Nova Scotia ($992), but lower in Prince Edward Island ($814) and New Brunswick ($744).

## Commercial

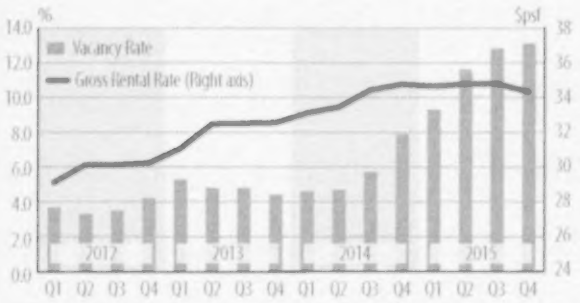
The growth of the economy in recent years had led to a significant increase in the demand for, and supply of, office space. The establishment of offices by oil companies and firms that support the oil industry fueled a surge in new and renovated office space construction. From 2009 to 2015, for example, total office space in the St. John's CMA grew by 47.2%. However, recent declines in commodity prices could hinder further market expansion. In 2015, construction completions in the St. John's CMA totalled 120,000 square feet of office space, a decrease of 60.3% compared to the 360,425 square feet of new office space completed in 2014.[5]

[4] The Rental Market Survey cannot clearly tell if the St. John's vacancy rate was higher or lower in 2015 compared to 2014, when considering the survey's margin of error of ±0.3 percentage points.

[5] This figure reflects only commercial office space of 10,000 square feet or larger and omits single owner-occupied commercial space.

The office vacancy rate in St. John's averaged 11.7% in 2015, a jump of 6.0 ppt. compared to 2014, largely due to the recent increase in supply. Although the average rental rate for office space averaged $34.63 per square foot (psf) in 2015, a 2.1% increase compared to 2014, this rate dropped from $34.79 psf in the third quarter of 2015 to $34.32 psf in the fourth quarter (see chart).

### Office Vacancy and Rental Rates, St. John's



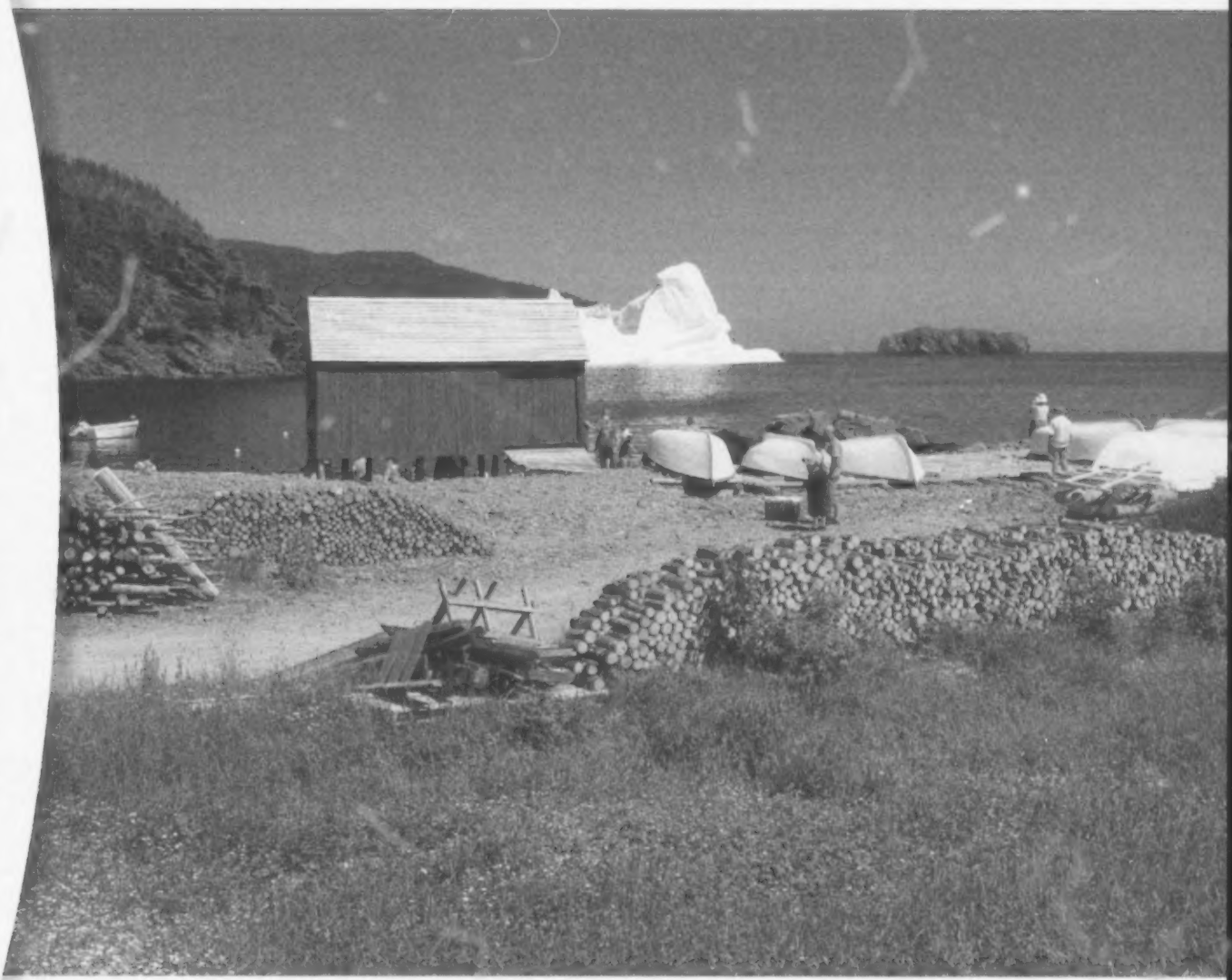

psf: per square foot
Source: Cushman & Wakefield Atlantic

# Real Estate

## 2016 Outlook

- The residential real estate market is expected to remain subdued with fewer housing starts than in recent years and moderating sales activity.
- Housing starts are forecast at 1,434 units, representing a decrease of 15.5% compared to 2015.
- The Canadian Real Estate Association forecasts sales to fall 1.2% to 4,200 units and the average residential resale price to fall 0.9% to $273,200.
- The Bank of Canada may lower its target for the overnight rate to 0.25% this year, possibly leading to lower mortgage rates.
- Growth in commercial real estate is expected to be dampened by restraint in the oil and gas sector.

# Travel and Tourism



*Iceberg, Central NL. Courtesy: Newfoundland & Labrador Tourism*

The travel and tourism sector in Newfoundland and Labrador has flourished over the past decade and has become an increasingly important part of the province's economy. Annual travel-related spending by both residents who travel within the province and non-residents who visit the province averaged about $1 billion in recent years. The province's tourism marketing efforts have played a major role in attracting travellers to the province. Additionally, the sector has been supported by continued improvements and additions to infrastructure, including airport expansions, replacement of ferries, and construction of new convention facilities and hotels.

Residents engaging in tourist activities within the province account for the majority of spending in the province's tourism sector, typically representing between 50% and 55%. Even though non-resident tourism comprises the smaller share of spending, it is particularly important since it brings new money into the province. Ontario and the Maritimes typically account for the majority of non-resident visitors to the province.

Non-resident air, automobile and cruise visitation to the province was an estimated 503,100 visitors in 2015, a decrease of 0.9% compared to 2014 levels. An increase in non-resident auto visitation could not offset declines in both non-resident air travel and the number of unique cruise visitors. Expenditures by non-resident visitors totalled approximately $493 million in 2015, up slightly from $491 million the previous year.

The number of non-resident air visitors remained the largest segment of the province's non-resident tourism sector in 2015, reaching an estimated 385,100, down 0.9% compared to 2014 (see chart).

A decline in passenger movements at the St. John's International Airport (-4.5%) had a significant impact on overall provincial tourism performance as it is the largest airport in the province. The temporary closing of the primary runway in July to complete infrastructure and paving work associated with the installation of the Category III Instrument Landing System (CAT III ILS), combined with poor July weather, impacted thousands of travellers. As well, the closure of the St. John's Convention Centre and reduced charter flights to Alberta also contributed to the decrease in passenger numbers. However, on January 28, 2016, the St. John's International Airport announced that its three-year, $37.3 million Airfield Accessibility and Safety Initiative was fully completed with a CAT III ILS available on both ends of the primary runway. As a result, accessibility is enhanced to 99% during low visibility conditions, allowing an estimated 700 more flights and 70,000 more passengers to arrive and depart annually.

Inbound non-stop seat capacity is a major indicator of the state of air access to the province. The significant increase in inbound seat capacity (up 11%) in 2014 was followed by a more modest 2% increase (21,774 additional seats) in 2015. The increase is driven by the international sector, which added over 20,000 new non-stop seats in 2015: both Air Canada and WestJet added capacity to their overseas services between St. John's and Heathrow and Dublin, respectively. Air Transat also launched a new seasonal service between Gander and Gatwick last year.

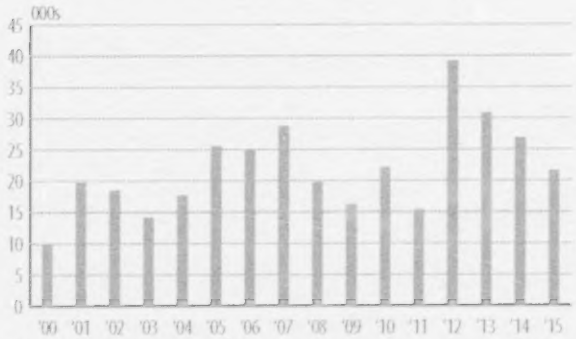
## Non-Resident Visitors to the Province
by Mode of Travel (2015)

Source: Department of Business, Tourism, Culture and Rural Development; Cruise Newfoundland and Labrador

Marine Atlantic reported a solid year during 2015, with non-resident traffic rebounding after declining steadily during the previous five seasons. Reaching 96,400, non-resident auto visitors increased by 4.0%. Non-resident auto visitor increases came from all Canadian markets, with visitors from the Maritime Provinces increasing 2.1%, Ontario 11.2%, Québec 1.4% and other provinces 5.3%. Despite the weak Canadian dollar, auto visitation from the United States decreased by 3.2%, continuing the declining trend that started in 2010. Spending by all auto visitors was up 4.5%, to an estimated $91 million.

The province received approximately 21,600 unique cruise visitors during the 2015 cruise season, a decrease of 19.4% compared to the previous year (see chart). The province recorded 53 port calls to 16 different ports by 20 vessels in 2015. These levels were impacted in part by 13 cancelled port calls due to weather and mechanical issues. The decrease in unique cruise visitors continues the declining trend evident over the past four cruise seasons. This trend is mainly due to a shift to smaller expedition style ships touring the province.

## Unique Cruise Ship Visitors




Note: These figures are estimates of unique visitors based on detailed cruise ship itineraries. Passengers are counted once regardless of the number of ports visited.

Source: Department of Business, Tourism, Culture and Rural Development; Cruise Newfoundland and Labrador

Performance of the accommodations sector in the province improved during 2015. Average daily room rates were up across most regions, with the provincial average daily rate rising 1.8% to $135. The preliminary occupancy rate for the province for 2015 is estimated at 50.5%, an increase of 0.3 percentage points (ppts) over 2014.

*Tors Cove. Courtesy: Newfoundland & Labrador Tourism*

Performance was mixed at the regional level, with increases reported in the Central Region (3.7 ppts), Western Region (3.2 ppts), Labrador (0.4 ppts) and Eastern Region (0.6 ppts), while preliminary occupancy rates for the Avalon Peninsula indicate a drop of 4.8 ppts in 2015. The decline on the Avalon Peninsula is attributed, in part, to an increase in supply as additional capacity was added by the Jag Hotel (84 year round rooms) and by Memorial University's MacPherson College (254 seasonal rooms May to August). Furthermore, a decline in meetings/conference activity in St. John's negatively impacted demand. As a result, the St. John's/North East Avalon area experienced a drop of 6.1 ppts in the occupancy rate whereas occupancy rates in the other areas of the Avalon Peninsula decreased 1.6 ppts from 2014 levels.

With the St. John's Convention Centre closed during 2015 due to ongoing construction and renovations, activity related to the meetings, conventions and incentive travel market declined last year. The number of large events (minimum of 50 room nights sold) decreased from 99 in 2014 to 82 in 2015, with the number of room nights and delegates associated with these events totalling 30,562 (-19%) and 21,215 (-13%), respectively.

Advanced technologies continue to impact tourists' travel planning, communication and decision making. During 2015, visitation to Newfoundland and Labrador Tourism online sites reached 2.6 million sessions, an increase of 21% compared to 2014.

Newfoundland and Labrador's social media postings were well received during 2015, with statistics indicating that exposure of the province's tourism product continues to reach a wider audience through social media. Engagements through Facebook and Twitter increased 38% and 42%, respectively. Instagram was added to the social media tool box in January 2015 and has seen steady month-over-month increases in the number of followers, reaching nearly 16,000 by the end of December 2015. Video views through YouTube and the new Facebook video player grew a combined 80% in 2015 to more than 1.9 million views.

# Travel and Tourism

## 2016 Outlook

- Non-resident pleasure travel to the province should benefit from lower fuel costs and a significantly weaker Canadian dollar, which acts as an incentive for American tourists and also makes vacationing within Canada more attractive for Canadians.
- As of March 2016, 74 tentative port calls to 23 ports around the province are anticipated for the 2016 cruise season. More are expected as cruise lines release their itineraries.
- The St. John's Convention Centre's official re-opening is scheduled for May 2016 and Destination St. John's is expecting a successful season, with bookings 12% ahead of the 2015 booking pace (as of February 2016).
- Modest air passenger growth is expected for 2016, facilitated by the completion of primary runway work at St. John's International Airport, an increase in convention/meetings activity (with the re-opening of the Convention Centre in May) and a low Canadian dollar encouraging an increase in both domestic and American travelers.

# Muskrat Falls Project

*Spillway construction at Muskrat Falls. Courtesy: Nalcor Energy.*

## Project Overview

The lower Churchill River is one of the most attractive undeveloped hydroelectric sites in North America and is a key component of the province's energy resource portfolio. The Muskrat Falls hydroelectric development on the lower Churchill River in Labrador includes construction of an 824 megawatt (MW) hydroelectric generating facility and more than 1,600 km of associated transmission lines in Newfoundland and Labrador linking the island to Labrador, and the Maritime Link between the island of Newfoundland and Nova Scotia. The clean, renewable electricity from the Muskrat Falls Project will provide an opportunity for the province to meet its own domestic and industrial needs in an environmentally-sustainable way, and also export excess electricity to other jurisdictions where the demand for clean, renewable energy continues to grow.

Construction on the Muskrat Falls Project commenced in late 2012 and progress is being made across all areas of the project.

## Project Advancements in 2015

Construction on all components of the project advanced significantly in 2015, with work underway between Churchill Falls and the Avalon Peninsula.

At Muskrat Falls, concrete placement for the spillway piers and separation wall was completed, and installation of the spillway gates began in preparation for river diversion in 2016. Construction also started on the north and south dams that will span the lower Churchill River. Progress continued on the manufacturing of the spillway gates, turbines and generators with manufacturing of the gates 70 per cent complete and the turbines and generators around 60 per cent complete by the end of 2015. North Spur stabilization work also substantially advanced in 2015 with completion of the upstream cut-off wall and advancement of both the upstream and downstream slope stabilization scopes.

For transmission line work in Labrador between Muskrat Falls and Churchill Falls, all access road construction and right-of-way clearing was completed. More than 85 per cent of transmission towers were erected and close to 70 per cent of all conductor (wire) stringing for the 500 km transmission line was completed by the end of the year.

Construction on the 1,100 km Labrador-Island Transmission Link advanced in Labrador and on the island throughout 2015. In Labrador, over 90 per cent of access road construction and right-of-way clearing was completed, more than half of all tower foundations were installed, and approximately 20 per cent of the towers were erected. On the island, half of all access road construction and clearing activities for the transmission line right-of-way was completed in 2015, and installation of tower foundations began on the Northern Peninsula.

*Land Cable Trench, Shoal Cove. Courtesy: Nalcor Energy.*

Construction continued to advance for the new switchyards at Churchill Falls, Muskrat Falls and Soldiers Pond, the High Voltage direct current (HVdc) converter stations at Muskrat Falls and Soldiers Pond and the Synchronous Condenser facility

at Soldiers Pond. Manufacturing was completed for the 13 power transformers required for the project's switchyards and were delivered to their respective sites at Churchill Falls, Muskrat Falls and Soldiers Pond by the end of the year. Civil works for the project's two grounding stations, one located at L'Anse au Diable, in Labrador and the other located at Dowden's Point in Conception Bay South, was completed in the fall of 2015.

For the Strait of Belle Isle marine cable crossing, the land cables that will connect the submarine cables to the overhead transmission line from Muskrat Falls to Soldiers Pond were installed on both sides of the Strait this past year. Manufacturing of the marine cables was also completed. Quarrying of approximately 450,000 tonnes of rock that will be used to protect the subsea marine cable was completed, along with the quayside at Forteau that will be used to load the rock-laying vessel. Work on the Strait of Belle Isle marine cable crossing is on track for substantial completion in the fall of 2016.

Economic and employment benefits from the Muskrat Falls Project are being realized across the province. In 2015, employment on the project peaked at more than 5,300 people; 85 per cent of those workers were residents of Newfoundland and Labrador.

*Muskrat Falls team photo. Courtesy: Nalcor Energy.*

In December 2015, the Government of Newfoundland and Labrador, through the Muskrat Falls Oversight Committee, engaged Ernst Young to conduct an independent review of the cost, schedule and associated risks of the Muskrat Falls Project.

At Nalcor's Annual General Meeting in March 2016, Nalcor noted that the current capital cost forecast of $7.65 billion was under review and that an update would be provided upon final completion of this work.

## Investing in Newfoundland and Labrador

Advances in construction on the Muskrat Falls Project are generating significant benefits for businesses and labour in Newfoundland and Labrador and helping drive the provincial economy.

In 2015, employment on the project peaked at more than 5,300 people and approximately 85 per cent of those workers were residents of Newfoundland and Labrador. Since the start of construction to the end of 2015 more than $1.1 billion in wages has been paid to workers from the province and over $1 billion has been spent with Newfoundland and Labrador-based businesses.

## Aboriginal Affairs

Following execution and ratification of the Tshash Petapen (New Dawn) Agreements, Nalcor commenced implementation of the Impact and Benefits Agreement (IBA) with the Innu Nation.

All joint Nalcor-Innu Nation committees required under the IBA have been established. By the end of December 2015, the $140 million procurement commitment outlined in the IBA with the Labrador Innu Nation was exceeded, with more than $500 million in contract value awarded to Innu-owned businesses or joint ventures.

Reflecting Nalcor's commitments outlined in the project's Gender Equity and Diversity Program, in 2015, employment of Newfoundland and Labrador residents who self-identified as a member of an Ab-

original group reached a peak of 594 workers. Employment of Labrador Innu peaked at 212 workers.

Recognizing the need to build local capacity in central Labrador where the Muskrat Falls hydroelectric generation facility is being built, in early 2010, the Labrador Aboriginal Training Partnership (LATP) was established. Nalcor Energy, the provincial and federal governments, and Labrador's three aboriginal groups provided funds and in-kind contributions to support education and training initiatives to help Labrador aboriginal people gain the skills and qualifications needed for employment opportunities with the Muskrat Falls Project.

In 2015, LATP received a one-year extension to the existing funding program. During the year 120 LATP clients gained employment on the Muskrat Falls Project – more than double Nalcor's original employment estimate for 2015. Nalcor's work with the LATP and contractors continues today to build local capacity through education and training.

## Committed to Environmental Stewardship

Nalcor is committed to maintaining a high standard of environmental responsibility that will help sustain a diverse and healthy environment for generations of Newfoundlanders and Labradorians.

Environmental protection plans have been developed for the generation and transmission projects and have been submitted to, and approved by, the provincial government. Environmental effects monitoring programs were initiated for many environmental components in 2013 and continued throughout 2015.

Environmental management on the Muskrat Falls Project continued in 2015 as construction on the project progressed to more than 33 work fronts across the province. To date, 21 environmental effects monitoring plans for the generation and transmission components have been implemented and are ongoing to ensure that commitments and conditions of the project's environmental assessments are met.

*Site of the marine cable crossing, Forteau. Courtesy: Nalcor Energy.*

# Inventory of Major Capital Projects

*Memorial University, Core Science Facility. Courtesy: John Hearn Architect*

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public and private projects that are either continuing or beginning in the current year.[6] In many cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March 2016.

According to this year's inventory, about $33 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at $16.4 billion (see table). The Hebron oil project is the single largest item in the category with a total estimated cost of $14.0 billion. Utilities is the second largest category in the listing (the estimated $7.7 billion Muskrat Falls project is the largest project in this category). Industrial/Manufacturing is third in size, mainly reflecting the estimated US$4.25 billion nickel processing facility at Long Harbour.

The listing on the following pages is organized by project type (e.g. Commercial, Health Care/Personal Care, Transportation). Key information is included, such as project name, capital cost, start date, end date and description. When possible, geographic information is also provided, including community and economic zone. A map of the economic zones can be found at: www.stats.gov.nl.ca.

An asterisk (*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2016 refers to the project starting and ending in fiscal year 2016-17; start/end denoted as 2016/2017 refers to the project starting in fiscal year 2016-17 and ending in fiscal year 2017-18). All other years are reported on a calendar year basis.

| Major Projects ($ Millions) | |
|---|---|
| Mining and Oil & Gas | 16,388.5 |
| Utilities | 8,003.0 |
| Industrial/Manufacturing | 4,363.7 |
| Municipal Infrastructure | 1,252.2 |
| Transportation | 1,046.4 |
| Residential | 673.1 |
| Education | 467.0 |
| Other Investment | 304.5 |
| Agriculture/Fishery/Forestry | 275.5 |
| Health Care/Personal Care | 242.4 |
| Tourism/Culture/Recreation | 219.6 |
| Commercial | 192.0 |
| **Total** | **33,427.9** |

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.

The inventory of major projects is also available on the Economic Research and Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by industry, community and economic zone.

TBD: To be determined

NA: Not available

[6] Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| **Agriculture/Fishery/Forestry** | | | | |
| Offshore Marine Base | 15.0 - 20.0 | 2016/2018 | 20 | Fermeuse Enterprises Limited - construction and operation of an offshore marine base to service the offshore oil and gas industry in Newfoundland and Labrador out of Fermeuse Harbour. Will be a multi-use facility consisting of 2-3 berths, multiple laydown areas, crane and heavy lift capabilities, and various site buildings (maintenance, administration, etc.). (Fermeuse) |
| Cranberry Industry Development* | 9.4 | 2014/2019 | Various | Cranberry Association of Newfoundland & Labrador Inc. - development of an additional 190 acres of new cranberry bog. Farms to be located throughout the island. (Various) |
| Forest and Agriculture Access Roads* | 3.5 | 2016/2016 | Various | Construction and maintenance of access roads on Crown land. Provincial funds. (Various) |
| Harbour Development* | 47.4 | 2016/2016 | Various | Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various) |
| Marine Aquaculture Sites | 100.0 | 2016/2018 | Various | Grieg NL Seafarms Ltd. - 11 marine aquaculture sites to be located through the northern region of Placentia Bay spanning from Rushoon to Long Harbour. This is part of the Placentia Bay Aquaculture Project. (Various) |
| Net Service Facility | 5.0 | 2012/2016 | 13 | Newfoundland Aqua Services Ltd. - expansion of a net washing operations facility to service the aquaculture industry. (St. Alban's) |
| Salmon Aquaculture Operation | 17.7 | 2014/2018 | 13 | Northern Harvest Sea Farms Newfoundland Ltd. - marine improvements to salmon farming operations. Partial federal/provincial funding. (Connaigre Peninsula) |
| Salmon Hatchery | 75.0 | 2016/2018 | 16 | Grieg NL Nurseries Ltd. - construction of a Recirculation Aquaculture System (RAS) hatchery for Atlantic salmon in the Marystown Marine Industrial Park. Will include the construction of a hatchery, a smolt nursery and a smolt landbase. This is part of the Placentia Bay Aquaculture Project. (Marystown) |
| **Commercial** | | | | |
| Building Improvements | 3.5 | 2015/2016 | 19 | Crombie REIT - exterior improvements of buildings located on Hamlyn Road. (St. John's) |
| Car Dealership | NA | 2015/2016 | 8 | Discovery Holdings CB Limited - construction of a new 18,000 sq. ft. car dealership to be located on Confederation Drive. (Corner Brook) |
| Car Dealership | NA | 2016/2017 | 8 | Steele Auto Group - construction of a new car dealership to be located on Confederation Drive. (Corner Brook) |
| Commercial Building | 3.0 | 2015/2016 | 19 | Baine Johnston Properties Ltd. - reconstruction of a commercial building on Elizabeth Avenue. Will feature 55,000 sq. ft. of retail space. (St. John's) |
| Commercial Development | TBD | 2016/2016 | 19 | Pasadena Equipment Services - construction of a 5,500 sq. ft. office building and concrete batch plant on Hops Street in Chamberlains. (Conception Bay South) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Commercial Development | 5.0 | 2014/2017 | 19 | Karamar Holdings Limited - construction of six commercial/retail buildings to be located on Corey King Drive. The buildings will total 80,000-100,000 sq. ft. (Mount Pearl) |
| Commercial Development | 2.5 | 2016/2017 | 19 | 59931 Newfoundland & Labrador Limited - construction of three residential units with commercial space on the ground floor. Located on Harvey Road. (St. John's) |
| Commercial/ Industrial Development | 13.0 - 17.0 | 2014/2018 | 17 | Karwood Estates Inc. - infrastructure development for the Veterans Memorial Business Park near Spaniard's Bay. (Spaniard's Bay) |
| Commercial/Light Industrial Park - Phase II | 2.0 | 2015/2016 | 19 | Metcalfe Holdings Ltd. - phase II development of a new commercial/light industrial park adjacent to Fowler's Road. (Conception Bay South, St. John's) |
| Office Building | 20.0 | 2016/2018 | 19 | 55732 Newfoundland & Labrador Inc. - construction of a three-storey, approximately 70,000 sq. ft. office building on Hebron Way. (St. John's) |
| Office Building | 5.0 | 2015/2016 | 19 | Monarch Development Inc. - construction of a two-storey, 20,000 sq. ft. office building to be located on International Place. (St. John's) |
| Office Building | 3.0 | 2016/2016 | 19 | Monarch Development Inc. - construction of a single storey, 10,000 sq. ft. office building to be located on International Place. (St. John's) |
| Office Building Expansion/ Refurbishment | 23.0 | 2014/2016 | 19 | East Port Properties Limited - expansion of the existing Scotia Centre to include a three-storey, 27,000 sq. ft. office space addition. Also includes the refurbishment of the existing building's systems and finishes. (St. John's) |
| Office Buildings | 15.0 | 2014/2018 | 19 | Bristol Development Inc. - construction of two 45,000 sq. ft. office buildings to be located on Kelsey Drive. (St. John's) |
| Retail/Business Park | 95.0 | 2012/2018 | 19 | KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's) |
| Education | | | | |
| Building Renovation | 16.2 | 2013/2017 | 19 | Memorial University of Newfoundland - renovation of the Battery Facility to increase office space, develop new meeting and conference space as well as develop 87 new graduate student residence rooms. (St. John's) |
| Campus Maintenance* | 1.1 | 2016/2016 | Various | Annual maintenance at College of the North Atlantic campuses as well as related equipment purchases. Provincial funds. (Various) |
| Campus Maintenance* | 2.4 | 2016/2016 | 8, 19 | Annual maintenance of various Memorial University of Newfoundland buildings. Provincial funds. (Corner Brook, St. John's) |
| College Modernizations* | 3.1 | 2014/2017 | Various | Upgrades to various shops and laboratories at College of the North Atlantic campuses as well as related equipment purchases. Total anticipated expenditures of $500,000 for the 2016/17 fiscal year. Provincial funds. (Various) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Core Science Facility* | 325.0 | 2013/2020 | 19 | Memorial University of Newfoundland - construction of the new Core Science Facility at the St. John's Campus. Total anticipated expenditures of $97.5M for the 2016/17 fiscal year. (St. John's) |
| Laboratory Upgrades* | 13.5 | 2009/2016 | 8, 19 | Laboratory upgrades at Memorial University of Newfoundland. Total anticipated expenditures of $852,000 for the 2016/17 fiscal year. Provincial funds. (Corner Brook, St. John's) |
| School Construction and Renovations* | 105.7 | 2016/2016 | Various | Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various) |
| Health Care/Personal Care | | | | |
| Electrical Substation and Emergency Power Capacity Upgrade* | 21.6 | 2013/2017 | 19 | Construction of a new electrical substation at the Health Sciences Centre site as well as upgrading of the existing emergency power capacity. Provincial funds. (St. John's) |
| Health Care Facilities* | 45.0 | 2016/2016 | Various | Expenditures for renovations and upgrades to existing health facilities. Includes $27.0 million for equipment purchases. Provincial funds. (Various) |
| Health Centre* | 18.3 | 2011/2020 | 11 | Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale) |
| Hospital* | TBD | 2013/TBD | 8 | Construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. (Corner Brook) |
| Hospital Redevelopment* | 15.6 | 2014/2019 | 12 | Redevelopment of the endoscopy/cystoscopy suites as well as the laboratory spaces at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor) |
| Integrated Operating Rooms* | 5.0 | 2014/2020 | 19 | Upgrading of the operating room suites at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's) |
| Long-Term Care Home* | 100.6 | 2009/2016 | 17 | Construction of a new long-term care home to replace three existing facilities. Provincial funds. (Carbonear) |
| Medical Device Reprocessing Redevelopment* | 3.0 | 2014/2017 | 19 | Redevelopment of the medical device reprocessing area at the Health Sciences Centre. Provincial funds. (St. John's) |
| Mental Health Facility* | TBD | 2013/TBD | 19 | Construction of a new mental health facility to replace the existing Waterford Hospital. (St. John's) |
| Molecular Imaging Facility* | 31.0 | 2009/2016 | 19 | Construction of space to accommodate a new Positron Emission Tomography (PET) scanner and to co-locate the PET/Cyclotron and nuclear medicine services in a single location. Provincial funds. (St. John's) |
| Rehabilitation Centre | 2.3 | 2016/2017 | 19 | Teen Challenge Canada Inc. - improvements to access road and the construction of an additional 2,600 sq. ft. of institutional-grade space to existing buildings. (St. John's) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Industrial/Manufacturing | | | | |
| Building Refurbishment* | 4.2 | 2016/2016 | 8 | Corner Brook Port Corporation - conversion of the former gypsum processing plant to a mixed use industrial facility. Partial federal/provincial funding. (Corner Brook) |
| Capital Expenditures | 80.0 | 2016/2016 | 15 | NARL Refining, LP - ongoing capital expenditures. (Come By Chance) |
| Facility Expansion | 1.2 | 2016/2017 | 19 | Jumping Bean Coffee Inc. - expansion of a coffee roasting facility. Partial federal/provincial funding. (Conception Bay South) |
| Facility Upgrade | 4.2 | 2015/2016 | 9 | Town of Stephenville - upgrading of an industrial facility. Will include new heating, ventilation and electrical systems as well as overhead cranes. Partial federal funds. (Stephenville) |
| Finger Jointing Plant | 2.3 | 2015/2016 | 15 | Sexton Lumber - construction of a finger jointing lumber plant. Partial federal/provincial funding. (Bloomfield) |
| Harvesting and Processing Enhancements | 11.0 - 12.0 | 2016/2016 | Various | Ocean Choice International - vessel and plant expenditures. (Various) |
| Industrial Park | 1.1 | 2015/2016 | 15 | Town of Arnold's Cove - development of a 10-lot industrial park to service the oil and gas industry. (Arnold's Cove) |
| Marine Expansion | 6.0 | 2016/2016 | 17 | Harbour Grace Ocean Enterprises Ltd. - addition of a small dry dock as well as wharf reconstruction and expansion. (Harbour Grace) |
| Multi-purpose Building | 1.2 | 2015/2016 | 15 | Town of Long Harbour-Mount Arlington Heights - construction of a 10,000 sq. ft. multi-purpose building which will include the town hall as well as industrial training space. (Long Harbour) |
| Nickel Processing Facility | US$4,250.0 | 2009/2018 | 18 | Vale Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. (Long Harbour) |
| Paper Mill Expenditures | 2.0 | 2016/2016 | 8 | Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook) |
| Mining and Oil & Gas | | | | |
| Hebron Oil Development | 14,000.0 | 2008/2024 | Offshore | ExxonMobil Canada Properties and co-venturers - development of the Hebron oil field. The Hebron Project is a joint venture among ExxonMobil Canada Properties, Chevron Canada Limited, Suncor Energy Inc., Statoil Canada Ltd., and Nalcor Energy - Oil and Gas. In addition to the GBS, two of the four topsides modules are being built in the province—the accommodations module is being constructed at multiple locations across the province with final assembly occurring at Bull Arm and the drilling support module was fabricated in Marystown. Production of oil is expected to begin towards the end of 2017. Expenditures cover capital costs to 2024 when the initial drilling program concludes. Production is expected to continue until 2046. (offshore) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Hibernia Southern Extension Unit | 2,000.0 | 2011/TBD | Offshore | ExxonMobil Canada Properties (operator) and Hibernia Southern Extension participants - development to enable the production of oil from the Hibernia Southern Extension Unit. Includes the drilling of production wells from the existing Hibernia GBS; the drilling of subsea water injection wells from a mobile drilling unit; and GBS topsides modifications. (offshore) |
| Mine Reactivation | NA | 2016/2021 | 2 | Reactivation of the Roy's Knob Quartzite Mine. Will involve extracting, crushing, screening, washing and sorting high grade quartzite. (Northwest of Labrador City) |
| Mine Rehabilitation and Closure | NA | 2015/2018 | 12 | Teck Duck Pond Operations - rehabilitation and closure of mine. Will include backfilling the boundary deposit and rehabilitation of the full site. (Millertown) |
| Mine Rehabilitation and Closure | NA | 2015/2019 | 2 | Wabush Mines - rehabilitation and closure of the mine starting with vegetation of mine tailings, to be followed by building decommissioning as well as rehabilitation of the overall site. (Wabush) |
| Mineral Exploration | 19.6 | 2016/2016 | Various | Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $7.1 million in Labrador and $12.5 million for the Island. (Various) |
| Oil Related Capital Expenditures - Terra Nova | 117.0 | 2016/2016 | Various | Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (offshore) |
| Open Pit Mine | 250 | 2016/2018 | 2 | Iron Ore Company of Canada - development of the Wabush 3 open pit mine. Project will provide flexibility in ore feed and extend the operating life of the operation. (Labrador West) |
| Open Pit/ Underground Mine | NA | 2016/2018 | 16 | Canada Fluorspar (NL) Inc. - surface and underground development of the AGS vein. Will include a mill facility, construction of a new tailings management facility and infrastructure to support the mine. (St. Lawrence) |
| Pilot Plant Program | 1.9 | 2015/2016 | 4 | Search Minerals Inc. - construction and operation of a pilot plant for testing Search Minerals metallurgical process for rare earth element extraction at the Foxtrot deposit. (Port Hope Simpson) |
| Underground Mine | NA | 2016/2021 | 1 | Vale Newfoundland and Labrador Limited - underground mine development at Voisey's Bay. Construction of the mine is anticipated to begin in 2016 and the production of ore in 2020. (Voisey's Bay) |
| Municipal Infrastructure | | | | |
| 2011 Municipal Capital Works Program* | 64.7 | 2011/2017 | Various | Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various) |
| Archives Building | 2.0 | 2015/2016 | 19 | City of St. John's - repurposing of an existing building located on Terra Nova Road to house City archives. Partial provincial funding. (St. John's) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Building Canada Fund - Communities and Base Component* | 58.4 | 2009/2016 | Various | Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for the Recreation Complex in Mount Pearl. (Various) |
| Federal Gas Tax Program* | 155.3 | 2014/2018 | Various | Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that support national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various) |
| Federal/Provincial Water and Waste Water Program * | 150.0 | 2016/2020 | Various | This program provides funding for drinking water treatment, water distribution systems, waste water treatment facilities or systems, waste water collection systems, storm water collection systems, waste water treatment and management systems. (Various) |
| Fire Station | 4.9 | 2014/2016 | 19 | City of St. John's - construction of a new 10,300 sq. ft., full-service fire station to be located on Topsail Road. (Paradise) |
| Multi-year Municipal Capital Works* | 284.7 | 2011/2018 | Various | Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various) |
| New Building Canada Fund - Small Communities Fund / Provincial-Territorial Infrastructure Component * | 174.2 | 2016/2024 | Various | The Small Communities Fund provides funding for communities with fewer than 100,000 residents, ensuring that small communities can benefit from significant funding supporting economic prosperity. The Provincial-Territorial Component provides funding for projects that are nationally and regionally significant and are predominantly medium and large scale in nature. (Various) |
| Repairs to Town Hall and Depot | 2.0 | 2016/2018 | 19 | Town of Paradise - repairs to the existing town hall and public works depot. Municipal funds. (Paradise) |
| Road Development | 2.5 | 2015/2016 | 8 | Town of Deer Lake - paving of Nicholsville Road. Municipal funds. (Deer Lake) |
| Road, Water and Sanitary Servicing | 4.5 | 2015/2016 | 19 | Town of Conception Bay South - extension of road, water and sanitary services on Legion Road to prepare commercial pad sites. Municipal funds. (Conception Bay South) |
| Solid Waste Management Strategy* | 315.0 | 2007/2025 | Various | Program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various) |
| Water Transmission Main Replacement Program | 34.0 | 2013/2017 | 19 | City of St. John's - multi-year replacement program to construct new water transmission mains. (St. John's) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| **Other Investment** | | | | |
| Capital Program* | 26.8 | 2012/2016 | Various | Royal Canadian Mounted Police - replacement and retrofitting of detachments and living quarters. Provincial/ federal cost-shared on a 70/30 basis. (Various) |
| Coast Guard Building | 40.0 | 2015/2019 | 19 | Department of Fisheries and Oceans Canada - construction of new Atlantic Headquarters for the Canadian Coast Guard. Will include site work and demolition of the existing building when the new facility is in service. Federal funds. (St. John's) |
| Environmental Remediation and Risk Management* | 209.7 | 2009/2019 | 3 | Department of National Defence - environmental remediation and risk management activities to be carried out through 10 sub-projects at 5 Wing Goose Bay. Projected expenditure of $25.0 million for the 2016/17 fiscal year. (Happy Valley-Goose Bay) |
| Helicopter Simulation Centre | 15.3 | 2014/2019 | 19 | CAE Inc. - construction of a new helicopter training and research and development centre to be located on Topsail Road. (St. John's) |
| Marine Base Expansion | 11.2 | 2016/2016 | 19 | Fisheries and Marine Institute, Memorial University of Newfoundland - expansion of the current Marine Institute facilities on the western shoreline of South Arm, Holyrood Bay. Expansion will include the construction of a timber crib marginal wharf, timber breakwater, timber finger pier and the rehabilitation of the existing T-shaped wharf. Partial federal funding. (Holyrood) |
| Public Buildings* | 1.5 | 2016/2016 | Various | Maintenance and development of public buildings. Provincial funds. (Various) |
| **Residential** | | | | |
| Affordable Housing Program* | 110.2 | 2003/2018 | Various | Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared on a 50/50 basis. $16.1 million to be spent in 2016/17. (Various) |
| Apartment Buildings | 3.5 | 2016/2016 | 19 | Karwood Contracting Ltd. - development of two apartment buildings for seniors on Municipal Avenue. Project will feature 26 affordable housing units. (Mount Pearl) |
| Apartment Renovations | 4.7 | 2016/2016 | 2, 14, 19 | Northview Apartment REIT - capital improvements, renovations and upgrades on various apartment buildings. (Labrador City, Gander, St. John's) |
| Community Development | 20.0 | 2010/2020 | 19 | Canada Lands Company CLC Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types, including single-family dwellings, townhomes, apartments and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. $7.0 million to be spent in 2016-2017. (St. John's) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Community Development | 102.0 | 2013/2017 | 19 | DewCor - phase I development (infrastructure investment) of "Galway Living", "The Shoppes at Galway" and the "Glencrest Business Centre". This 2,400 acre master-planned community will include a mix of residential, retail and business development. Estimated total cost of this development exceeds $4 billion over the life of the project (2012-2032). (St. John's) |
| Condominium Building | 3.5 | 2013/2016 | 17 | Hawthorne Developments Inc. - construction of "The Hawthorne Condominiums", a 30-unit building to be located on Curtis Lane. (Brigus) |
| Condominium Development | 47.0 | 2012/2017 | 19 | DewCor - development of "Westfield Condominiums" off Captain Whelan Drive. Will include construction of 60 buildings with four, 1,000 sq. ft. units per building. (St. John's) |
| Condominium Development | 14.0 | 2008/2017 | 8 | Bayview Estates Inc. - construction of a 66-unit development called "Bayview Condominiums". 16 units to be constructed in 2016. (Corner Brook) |
| Condominium Development | 8.0 - 10.0 | 2014/2016 | 19 | Roosevelt Properties Ltd. - development of the "Victoria Park Condominiums" on the corner of Hamilton Avenue and Sudbury Street. Located adjacent to historic Victoria Park. (St. John's) |
| Housing Development | NA | 2000/2019 | 19 | Cabot Development Corporation Limited - construction of a housing development named "Clovelly Trails" located off Stavanger Drive. Approximately 40 homes to be constructed in 2016. (St. John's) |
| Modernization & Improvements* | 3.6 | 2016/2016 | Various | Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various) |
| Provincial Home Repair and Modification Programs* | 8.2 | 2016/2016 | Various | Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low income households with home repairs and modifications. Includes $1.5 million of repayable loans. Federal/ provincial funds. (Various) |
| Rental Development | 22.0 | 2015/2017 | 19 | Manga Hotels Group - development of 85 upscale, urban rental units at the site of the former Star of Sea Hall on Henry Street. Will include three levels of parking. (St. John's) |
| Residential Development | 12.5 | 2015/2017 | 19 | 345-353 Duckworth Street Developments LP - redevelopment of the former Newtel Building on Duckworth Street to be called "Mix" which will consist of 77 residential apartment units as well as retail space. (St. John's) |
| Residential Development | 18.0 | 2013/2018 | 19 | Reardon Construction and Development Ltd. - development of 56 condominium/townhouse style units off Ruby Line. (St. John's) |
| Residential Development | 12.0 | 2012/2019 | 19 | Wrightland Development Corporation - development of "Mclea Park" off Shaw Street. Will include construction of four townhouses; seven executive building lots; and two units in a converted heritage structure. (St. John's) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Residential Development | 4.0 | 2014/2022 | 8 | Sleepy Cove Developments Inc. - development of 55 lots over five phases in "Discovery Ridge" to be located on Corporal Pinksen Drive. Will feature single, semi-detached, town, condominium and apartment style housing. Expenditure figure covers land development costs only. (Corner Brook) |
| Subdivision Development | 1.2 | 2016/2016 | 19 | Cadillac Services Limited - land and servicing development for a semi-detached subdivision to be located off Kenmount Road, west of the existing "Westgate" subdivision. 38 lots to be developed in 2016. (St. John's) |
| Subdivision Development | 1.0 | 2016/2016 | 19 | HJR Holdings Ltd. - estimated 2016 development expenditures for "Lawrence Pond Estates", a 140-lot subdivision on the Conception Bay Highway. (Conception Bay South) |
| Subdivision Development | 6.0 | 2013/2017 | 19 | Signature Homes Inc. - construction of 19 single-family homes at the extension to Stratton Place in Chamberlains. Eight homes to be constructed in 2016. (Conception Bay South) |
| Subdivision Development | 65.0 | 2013/2019 | 19 | Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South) |
| Subdivision Development | 2.1 | 2015/2016 | 19 | 63216 NL Limited - civil work for a 27-lot subdivision located off Buckingham Drive in Chamberlains. (Conception Bay South) |
| Subdivision Development | 8.0 | 2012/2018 | 14 | Cecon Development Corporation - land and servicing development for the "Eastgate" subdivision located off Cooper Boulevard. Phase 1 will include 120 residential lots. Phase 2 will include 90 residential lots and 10 business lots. (Gander) |
| Subdivision Development | 2.5 | 2016/2019 | 19 | Hayward Homes Limited - land and servicing development for a 32 lot subdivision to be located in Seal Cove. (Conception Bay South) |
| Subdivision Development | 21.6 | 2015/2017 | 19 | CASA Holdings - land development and construction of 48 homes off Sweetenwater Avenue in Topsail. (Conception Bay South) |
| Subdivision Development | 6.0 | 2014/2019 | 8 | Outer Limits Limited - land and servicing development for 52 lots in the "Parkway Heights" subdivision on Lewin Parkway. (Corner Brook) |
| Subdivision Development | 32.4 | 2012/2021 | 19 | CASA Holdings - construction of 108 homes in the "Mount Batten Estates" subdivision. Currently in the second of three phases. (Conception Bay South) |
| Subdivision Development | 25.0 | 1997/2017 | 19 | Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. (Paradise) |
| Subdivision Development | 10.0 | 2015/2025 | 19 | Octagon Development Corporation - land and servicing for the "Picco Ridge" subdivision on St. Thomas Line. 25 lots to be developed in 2016. (Paradise) |

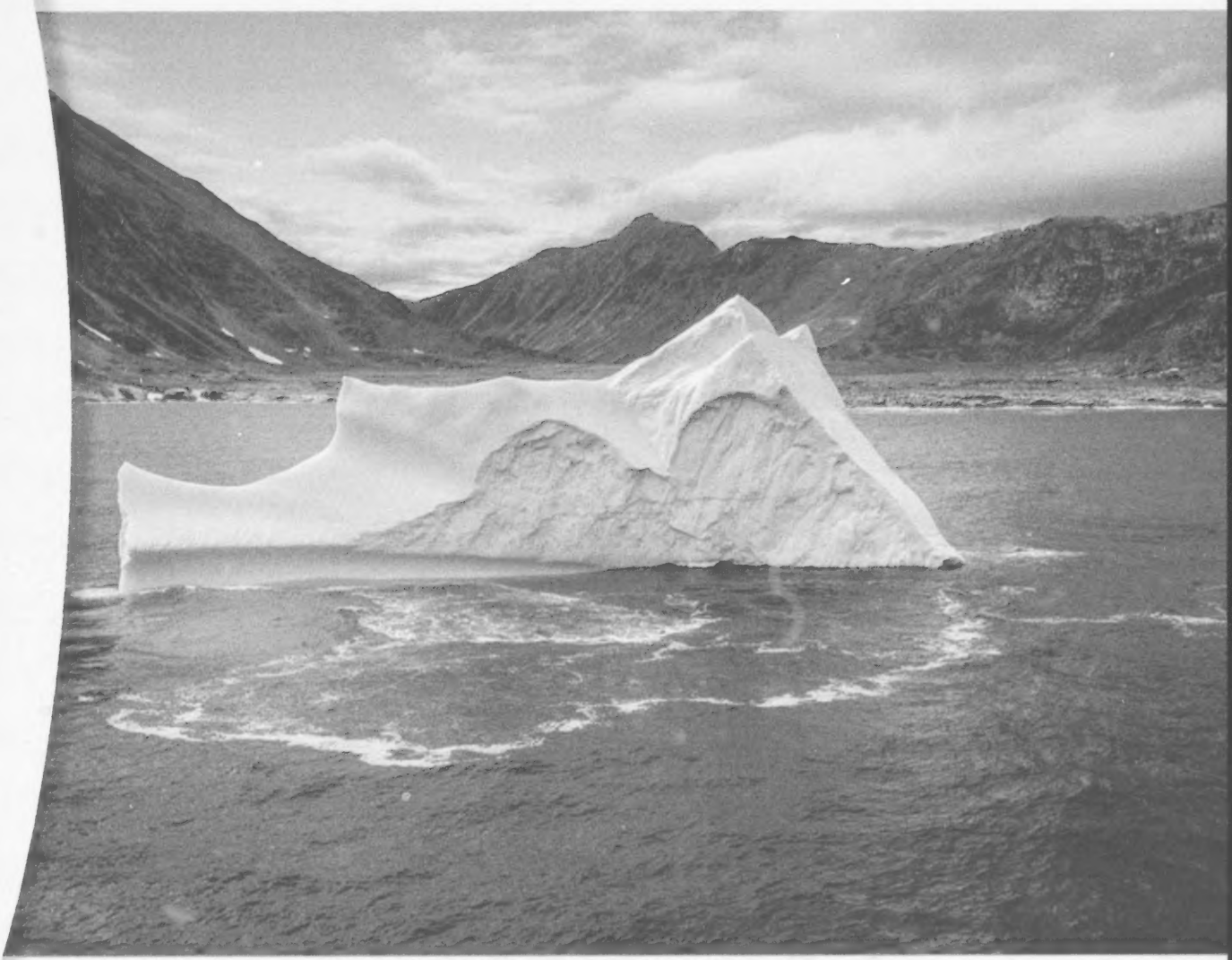
| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Subdivision Development | 3.0 | 2016/2017 | 19 | Donovan Homes Ltd. - development of phase seven of the "Mount Carson Terrace" subdivision off Mount Carson Avenue. The final 3.1 acres will be developed this year into residential units. (Mount Pearl) |
| Subdivision Development | 1.6 | 2016/2016 | 8 | 52453 Newfoundland and Labrador Limited - land and servicing development for phase three of "Pratt Street Extension" subdivision. (Corner Brook) |
| Subdivision Development | 8.5 | 2005/2017 | 19 | Octagon Development Corporation - land and servicing for the "Adam's Pond" subdivision. (Paradise) |
| Subdivision Development | 45.0 | 2010/2020 | 19 | ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. Approximately 30 houses to be constructed in 2016. (Paradise) |
| Subdivision Development | 25.0 | 2009/2021 | 19 | Bristol Development Inc. - development for the 450-lot "Bristolwood" subdivision off Kenmount Road. Approximately 20 homes will be developed this year at a cost of $4 million. (St. John's) |
| Townhouse Development | NA | 2016/2017 | 19 | Foundations Enterprises Inc. - construction of 25 one-storey townhouses on Doyle's Road. (St. John's) |
| Townhouse Development | 15.0 | 2016/2018 | 19 | KMK Capital Inc. - development of 27 townhouse style dwelling units on Mount Cashel Road. (St. John's) |
| Tourism/Culture/Recreation | | | | |
| Building Restoration* | 22.2 | 2009/2018 | 19 | Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Will include office space for government staff and provincial heritage organizations. Current work will address the interior structural building systems. Federal/provincial cost-shared. (St. John's) |
| Cultural Centre* | 17.7 | 2013/2017 | 1 | Nunatsiavut Government - construction of the Illusuak Cultural Centre. Partial federal funds. (Nain) |
| Harbourfront Development | 2.5 | 2015/2016 | 15 | Bonavista Historic Townscape Foundation Inc. - redevelopment of Campbell Street as part of the town's harbourfront development project. Partial federal/provincial funds. (Bonavista) |
| Historic Site Development* | 6.1 | 2011/2016 | 19 | The Rooms Corporation of Newfoundland and Labrador - multi-phase project including the Royal Newfoundland Regiment gallery; enhanced landscaping for the grounds; and creation of public programming spaces and sculpture areas. (St. John's) |
| Hotel | TBD | 2014/2017 | 19 | Northland Properties Corporation - construction of a 200-room Sandman Signature Hotel with convention centre (meeting and banquet rooms), swimming pool, two attached restaurants plus another stand-alone restaurant and parking for approximately 360 vehicles. To be located at 227-245 Kenmount Road. (St. John's) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Hotel | 10.0 | 2016/2017 | 19 | Micro Boutique Living - construction of a four-storey boutique hotel to be located on Water Street. Will consist of 124 units and a parking garage. (St. John's) |
| Hotel | 28.5 | 2016/2017 | 19 | Manga Hotels Group - construction of a Hilton Garden Inn with 155 guest rooms and 5,000 sq. ft. of conference facilities located at New Gower Street/Springdale Street/ Pleasant Street. (St. John's) |
| Hotel | 35.0 | 2016/2017 | 19 | Group Germain Hotels - construction of a four-storey, 148-room Alt Hotel on the corner of Water Street and Prescott Street. Will feature 4,000 sq. ft. of meeting space, a 2,500 sq. ft. area for a restaurant and patio, a fitness centre and parking. (St. John's) |
| Hotel | 6.0 | 2016/2016 | 19 | Crossroads Holdings Inc. - construction of a new hotel to be located on Kenmount Road and will include approximately 60 rooms and a restaurant. (Paradise) |
| Library | 4.0 | 2016/2018 | 19 | Town of Conception Bay South - construction of a new library adjacent to the Town's recreation complex and administrative building located at the Remembrance Square in Long Pond. Municipal funds. (Conception Bay South) |
| Ministry Facility | 5.0 | 2014/2017 | 14 | Pentecostal Assemblies of Newfoundland and Labrador - construction of a new ministry facility to be located on Magee Road. (Gander) |
| Pool House | 4.2 | 2015/2016 | 19 | City of St. John's - construction of a new Bowring Park pool house. (St. John's) |
| Recreation Complex | 38.5 | 2013/2016 | 19 | City of St. John's - construction of the Paul Reynolds Community Centre, a new 73,750 sq. ft. facility to replace the existing Wedgewood Park facility. Will include a six-lane lap pool, leisure pool, gymnasium, community rooms, child minding area, seniors' centre and youth centre. Municipal funds. (St. John's) |
| Recreational Infrastructure Program* | 36.1 | 2011/2016 | Various | Construction of recreational facilities across the province, including ice arenas in Makkovik, Harbour Grace, Paradise and Conception Bay South; community multi-purpose buildings in Hopedale and Pasadena; and a pool facility in Marystown. Partial provincial funding. (Various) |
| Sports Centre Expansion | 2.4 | 2016/2016 | 19 | Newfoundland & Labrador Sports Centre Inc. - sports centre expansion on Crosbie Road to double the size of a strength conditioning room to increase programming and the addition of a 7,000 sq. ft. area to accommodate the "Active Start" program for preschool aged children. (St. John's) |
| Trail Upgrade | 1.4 | 2015/2017 | 12 | Newfoundland & Labrador Snowmobile Federation - upgrade trails and bridges for safe, year-round use for snowmobiles and ATVs in Central Newfoundland. Partial federal/provincial funding. (Exploits Region) |

| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Transportation | | | | |
| Airport Improvements | 1.2 | 2016/2016 | 14 | Gander International Airport Authority - purchase of new equipment, grounds work and leasehold improvements. (Gander) |
| Airport Improvements and Expansion | 245.0 | 2011/2023 | 19 | St. John's International Airport Authority - plan includes expansion of terminal building, new access road, expanded vehicle parking, passenger loading facilities, additional apron space, new cargo building and airfield upgrades. Extension to the east end of the terminal building (Phase I) is scheduled for completion in early 2018. Extension to the west end of the building (Phase II) is expected to occur between 2017 and 2021. Also includes the Airfield Accessibility & Safety Initiative, which involved the installation of a $37.3 million Category III Instrument Landing System on the airport's principal runway and a number of associated infrastructure improvements required to support the technology. This project was completed in January 2016. Partial federal/ provincial funding for the landing system. Approximately $25 million in total to be expended on the plan in 2016. (St. John's) |
| Bridge Replacement* | 51.9 | 2013/2016 | 18 | Replacement of the Sir Ambrose Shea Lift Bridge. Federal and provincial funds. (Placentia) |
| Bridge Replacement* | 22.6 | 2013/2016 | 12 | Replacement of the Sir Robert Bond Bridge. Federal and provincial funds. (Bishop's Falls) |
| Highway Extension* | 61.3 | 2010/2017 | 19 | Construction of the Team Gushue Highway Extension. Federal/provincial cost-shared. (St. John's) |
| Infrastructure Upgrade | 7.0 | 2015/2016 | 19 | A. Harvey & Company Limited - improve operations by upgrading existing quayside infrastructure. (St. John's) |
| Marine Infrastructure* | 7.6 | 2016/2016 | Various | Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various) |
| National Highway Systems Projects* | 18.1 | 2015/2016 | Various | Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Canada NL Infrastructure Framework Agreement and Canada Strategic Infrastructure Fund. Federal/provincial cost-shared. (Various) |
| Passenger Handling Facility and Hangar | 45.0 | 2015/2016 | 19 | Cougar Helicopters - construction of a new facility to replace a building on Craig Dobbin's Way. The new infrastructure consists of a 50,000 square foot passenger handling and office complex, along with an almost 60,000 square foot hangar and stores/inventory facility. (St. John's) |
| Provincial Roads Improvement Program* | 59.7 | 2016/2016 | Various | Includes secondary road/bridge improvement projects in various parts of the province. Provincial funds. (Various) |
| Salt Storage Sheds* | 1.4 | 2016/2016 | Various | Construction of road salt storage sheds. Provincial funds. (Various) |

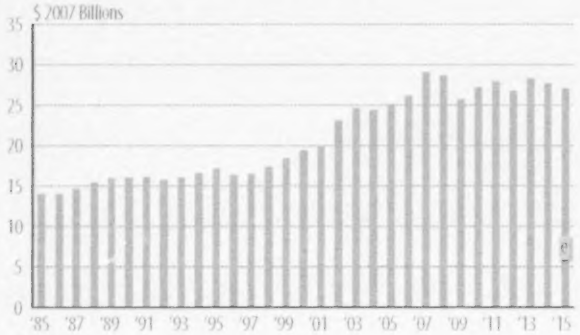
| Project | Capital Cost ($M) | Start/ End | Economic Zone | Comments (Location) |
|---|---|---|---|---|
| Trans Labrador Highway Widening and Hard Surfacing* | 439.5 | 2013/2019 | 3, 4, 5 | Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various) |
| Transshipment Terminal Modification | 70.0 | 2015/2017 | 18 | Newfoundland Transshipment Limited - modification of the crude oil transshipment terminal at Whiffen Head, Placentia Bay to accommodate the transshipment of crude oil from the Hebron offshore oil development. (Whiffen Head) |
| Vessel Refits* | 13.5 | 2016/2016 | Various | Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various) |
| Vessel Replacement Program* | 2.6 | 2016/2016 | Various | 2016/17 cash flow for vessel replacement program. Provincial funds. (Various) |
| Utilities | | | | |
| Electric Utility Capital Expenditures | 60.0 | 2016/2016 | 2 | Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls) |
| Electric Utility Capital Program | 107.0 | 2016/2016 | Various | Newfoundland Power Inc. - includes capital expenditures to refurbish and serve growth on the electricity system. (Various) |
| Electric Utility Capital Program | 183.0 | 2016/2016 | Various | Newfoundland and Labrador Hydro - 2016 annual capital program aimed at upgrading the provincial power grid and meeting the growing demand for electricity. There are 119 projects focused on modernizing transmission line infrastructure, upgrading generation infrastructure and updating distribution systems. (Various) |
| Lower Churchill Project - Phase I (Muskrat Falls) | 7,653.0 | 2012/ Under Review | Various | Nalcor Energy - development of the Muskrat Falls Hydroelectric Generation Facility and associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls on the lower Churchill River and over 1,600 kilometres of associated transmission line and related infrastructure. Emera Inc. of Nova Scotia will build the Maritime Link connecting the island of Newfoundland to Cape Breton, Nova Scotia. The capital cost of Emera's Maritime Link is an additional $1.57 billion. (Various) |

# Statistical Indicators



*Iceberg in Torngat Mountains National Park, Labrador. Courtesy: Newfoundland & Labrador Tourism*

## Real Gross Domestic Product

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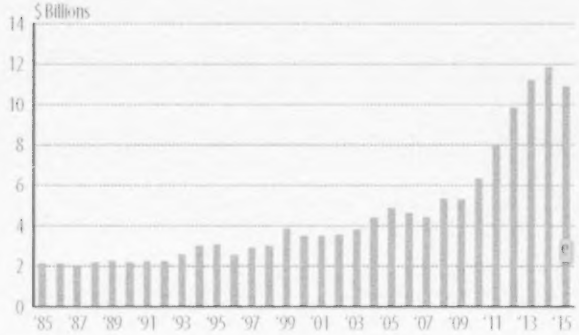
Source: Statistics Canada; Department of Finance

## Capital Investment

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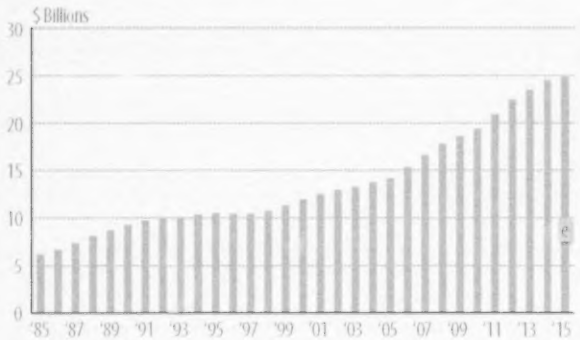
Source: Statistics Canada; Department of Finance

## Household Income

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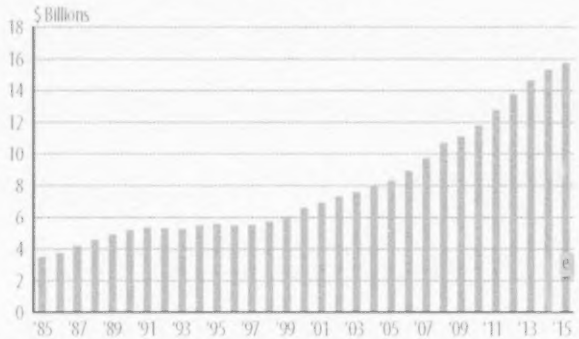
Source: Statistics Canada; Department of Finance

## Compensation of Employees

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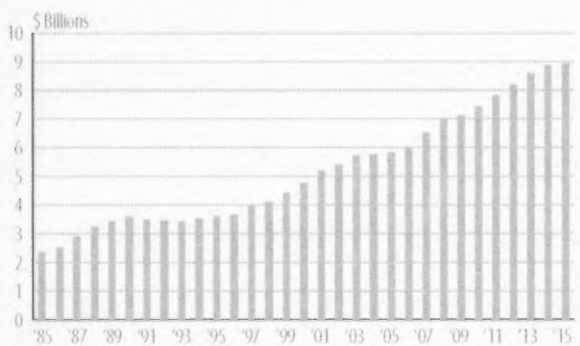
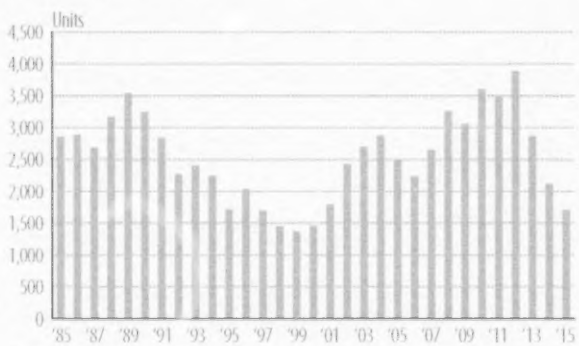
Source: Statistics Canada; Department of Finance

## Retail Sales



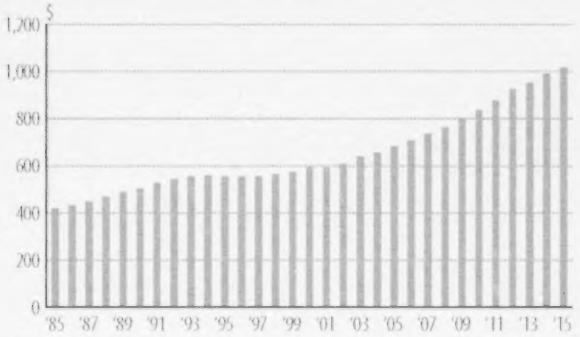

Source: Statistics Canada

## Housing Starts



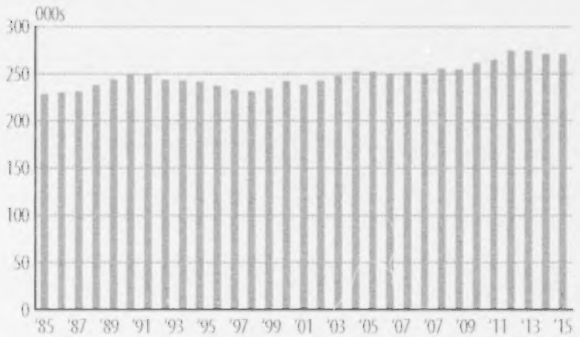

Source: Statistics Canada

## Average Weekly Earnings



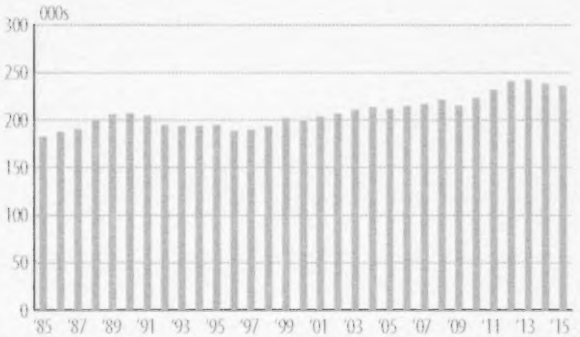

Source: Statistics Canada

## Labour Force



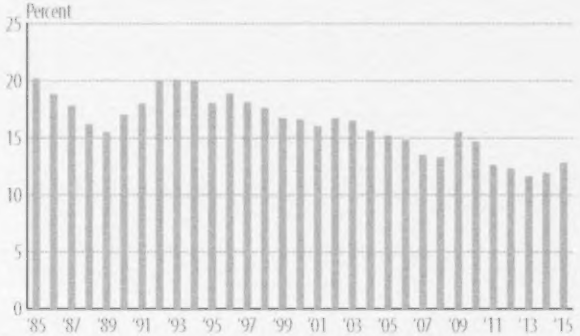

Source: Statistics Canada

## Employment



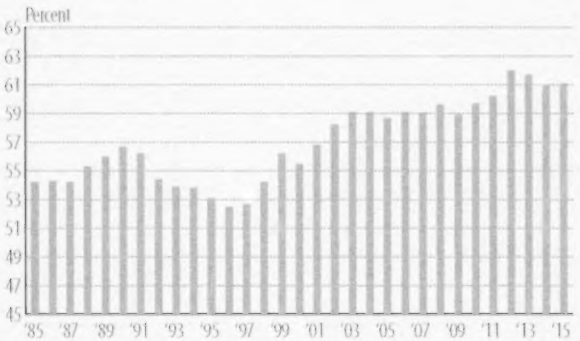

Source: Statistics Canada

## Unemployment Rate



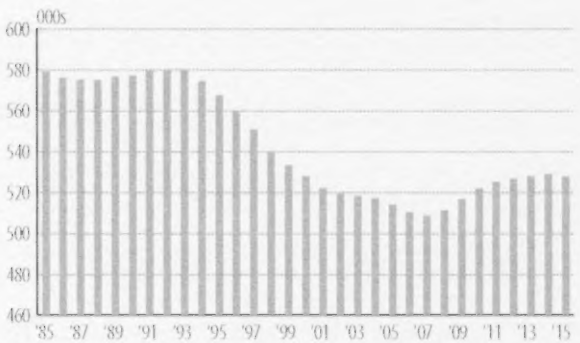

Source: Statistics Canada

## Participation Rate




Source: Statistics Canada

## Population




Source: Statistics Canada